Weekend FT

Conflicting accounts of the crisis that nearly toppled Thatcher

ALL YOU WANT FOR CHRISTMAS
10-page special supplement

The most luxurious gifts

The tastiest food

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND NOVEMBER 20/NOVEMBER 21 1993

D8523A

Inflation fears prompt sharp fall in US bond prices

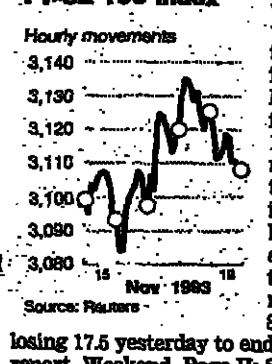
US bond prices fell sharply and yields climbed to their highest levels since mid-August as news of a rise in imports and exports in September revived fears of higher inflation. Technical selling, related to a decline in Treasury bond futures, also contributed to the bond price fall. **Money markets, Page 13**

British Gas is to sell its 85 per cent stake in Consumers Gas of Canada, Canada's largest gas supply company, for C$1.2bn (£612m), three years after it bought the group in its biggest foreign acquisition. **Page 10; Lex, Page 24**

UK civil service reform urged: Recruiting top civil servants from the private sector should be considered as part of a radical reform of the official career structure, says a government report due out next week. **Page 24**

Market unimpressed by positive figures

FT-SE 100 index



UK economic figures were buoyant this week. Underlying inflation, instead of accelerating, fell to a 25-year low and the headline figure dropped to just 1.4 per cent. But the market remained fearful that a weak economy is holding prices down. In spite of the improved economic outlook, the FT-SE 100 could manage a gain of only 8.9 points on the week, losing 17.5 yesterday to end at 3,108.0. **Market report, Weekend, Page II; Share prices, Pages 22-23; Lex, Page 24**

Russian curb on foreign banks: President Boris Yeltsin banned most foreign banks licensed to do business in Russia from dealing with Russian customers until January 1996. **Page 24**

German jobs to go: Chemicals group BASF and IBM Deutschland announced workforce cuts totalling 9,000 in the next two years. **Page 24**

£20m heroin haul: More than 200kg of heroin with a street value of more than £20m was seized from a truck at Scratchwood service station, north London.

Spanish minister quits: Spain's interior minister Jose Luis Corcuera tendered his resignation after the Supreme Court sought to curb police search powers. **Page 3**

Farm trade talks: Talks between the European Union and US on the farm trade restarted in Brussels ahead of a top-level Washington meeting on the Uruguay Round deadlock. **Page 4**

Hopes and fears of a working prince: Michael Cassell of the FT has just spent six days travelling in the Middle East with Prince Charles, left. He was given access to the prince's meetings with royal families, ministers and business leaders. In Monday's FT, Cassell reports on the prince's hopes and fears. His report provides a rare insight into the working side of the prince's life.

YOUR NEW MONDAY FT

The Financial Times on Monday launches a range of new features and services to open out the week ahead in business and politics, for companies and markets. It will include:

- An FT Guide to the Week Ahead published on the back page of section two
- New columns on global investment trends and economic policy debates, along with special reports on the outlook for bonds, equities and foreign exchange. A page will be devoted to the emerging financial markets of Asia and Latin America
- The FT Guide to World Currencies to provide this comprehensive exchange rate information at the start of the business week
- Four new features in the first section of the newspaper: a business travel guide, an international people column, a business profile and an international press review
- A new prize crossword

STOCK MARKET INDICES

FT-SE 100:	3,108.0	(-17.5)
Yield	3.82	
FT-SE Eurotrack 100	1,369.53	(-8.99)
FT-A All-Share	1,533.12	(-0.4%)
Nikkei	17,941.19	(-225.46)
New York lunchtime		
Dow Jones Ind Ave	3,669.42	(-15.92)
S&P Composite	461.08	(-2.54)

US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	3.178%
Long Bond	99 1/2
Yield	6.306%

LONDON MONEY

3-mo Interbank	5 9/16%	(5 19/32%)
Liffe long gilt future:	Dec 115 9/32	(Dec 115 7/8)

NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$15.885	(15.95)

Gold

New York Comex (Dec)	$378.3	(376.7)
London	$378.6	(377.25)

STERLING

New York lunchtime:		
$	1.472	
London:		
$	1.472	(1.477)
DM	2.525	(2.5275)
FFr	8.7575	(8.75)
SFr	2.2175	(2.2225)
Y	159.5	(158.25)
£ Index	81.9	(same)

DOLLAR

New York lunchtime:		
DM	1.7165	
FFr	5.9525	
SFr	1.5075	
Y	108.45	
London:		
DM	1.715	(1.711)
FFr	5.95	(5.925)
SFr	1.507	(1.505)
Y	108.3	(107.15)
$ Index	67.0	(66.6)

Tokyo close Y 107.73

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Trade data lift growth hopes

Non-EU deficit at lowest level since 1988

By Peter Norman, Economics Editor

BRITAIN'S trade deficit with countries outside the European Union fell last month to its lowest level since January 1988, according to figures published yesterday, wrapping up a week of economic statistics that have been far better than expected.

News that the trade gap with non-EU countries narrowed sharply to a seasonally adjusted £293m in October from £921m in September reinforced the picture of an economy enjoying steady growth, with few price pressures and which is slowly increasing its share of export markets.

It came after Thursday's announcement of an unexpectedly sharp fall of 49,000 in the total of unemployed last month and Wednesday's news that inflation had dropped to 1.4 per cent in October from 1.8 per cent the month before.

The week's most disappointing figure – the disclosure on Tuesday that the government is still heading towards a £50bn budget deficit for 1993-94 after borrowing £2.7bn in October – will have done nothing to dissuade Mr Kenneth Clarke, the chancellor, from raising taxes in his Budget.

But City economists said yesterday that the week's other news – of weak money supply growth, subdued bank lending and slower retail sales growth in October – should leave the chancellor free to cut bank base rates to help counter the impact of any fiscal tightening.

The Central Statistical Office yesterday confirmed that the economy grew by 0.6 per cent in the third quarter, with gross domestic product 1.9 per cent higher than a year ago. Consumer spending was the main engine of growth, advancing 0.9 per cent in the quarter and 2.4 per cent compared with last year.

But improved exports also supported activity. Investment rose slightly, with provisional estimates pointing to a 5 per cent increase in manufacturing investment compared with the second quarter and 2 per growth compared with the same period of last year.

Mr Kevin Gardiner, UK economist at S.G. Warburg Securities, said the economic outlook was especially good compared with expectations at the time of the March Budget. "Output growth is firmer, inflation weaker, unemployment lower and the trade deficit better behaved than people anticipated," he said.

However, Mr Michael Saunders of Salomon Brothers International, warned that a week of "astonishingly good figures" did not necessarily mean that the economy's problems were over.

Some economists were sceptical about the reliability of the trade statistics. Mr John Marsland, UK economist at brokers UBS, said the sharp 11 per cent rise in export volumes between September and October reflected "an unusual bounce" in car exports.

The Treasury also sounded a note of caution about the big drop in the October non-EU trade deficit and warned against placing too much emphasis on one month's figures. But it said the GDP figures "confirm the preliminary view that recovery is continuing across a broad front".

Spending on cars, Page 6
Budget crunch, Page 8
Lex, Page 24

Leaked Dublin paper upsets UK government

By Tim Coone and David Owen

THE GAP between the British and Irish governments over the shape of a constitutional settlement for Northern Ireland was underlined yesterday by a document setting out Dublin's terms.

A draft position paper leaked to an Irish newspaper confirmed Dublin's intention to drop its territorial claim over Northern Ireland and acknowledged there could be no change in the province's present status without the consent of a majority of the population.

But in return it sought British acknowledgement of the legitimacy of the goal of Irish unity "by agreement" and consent to a marked extension of Dublin's role in the province.

This would be exercised through a strengthened Anglo-Irish inter-governmental conference and new north-south institutions with executive powers.

The leak – coming just a day after Mr John Major, the prime minister, reinforced his personal commitment to a settlement – embarrassed the Irish government and annoyed Downing Street.

Mr Albert Reynolds, the Irish prime minister, quickly disassociated himself from the paper, whose authenticity was confirmed by the Irish foreign ministry.

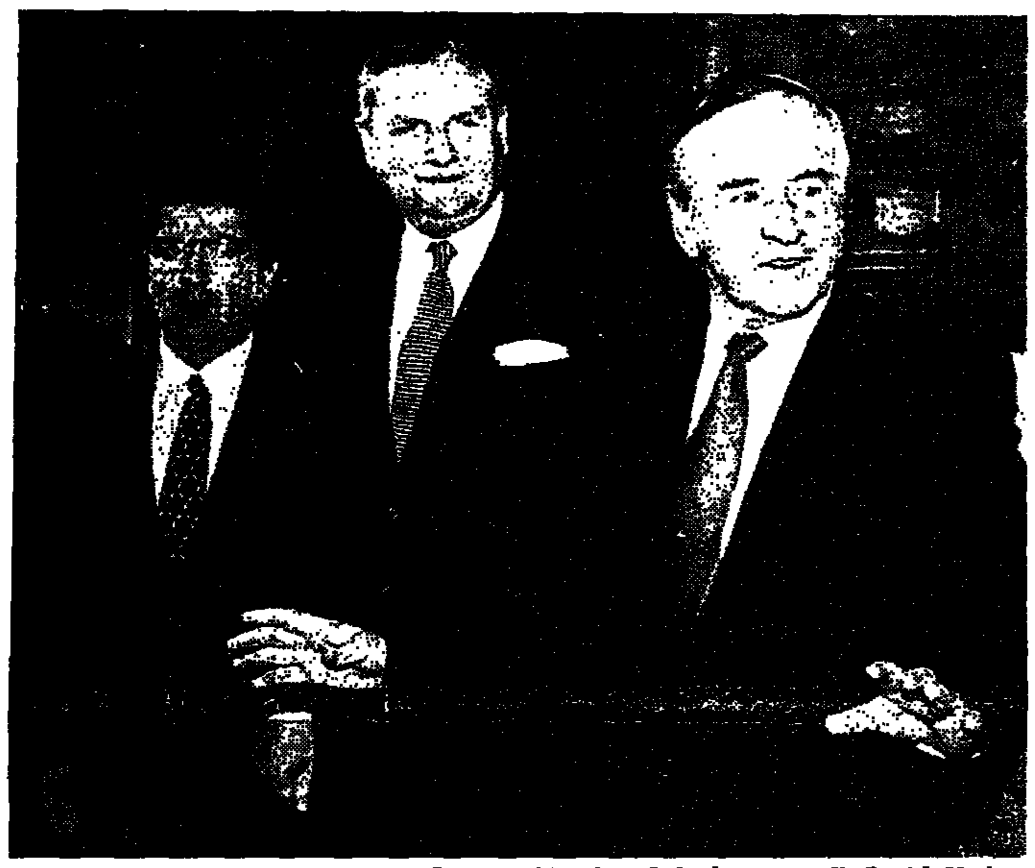
Mr Reynolds said no such document had been presented to the Dublin government. The paper had "no connection whatsoever" with the peace initiative.

Leak from Dublin spells out half the story ....Page 6
Major's risky crusade ..Page 9

Neither Sir Patrick Mayhew, the Northern Ireland secretary, nor Downing Street would comment yesterday on the substance of the document. But the interventionist tone of some proposals would almost certainly be unacceptable to London.

There also seems little prospect of Downing Street agreeing to an inter-governmental body with powers as wide-ranging as Dublin envisages or to entrust the proposed north-south institutions with developing an integrated approach to the European Union.

Unionists were yesterday already balking at the paper's emphasis on "enhancing" the co-operative structures of the 1985 Anglo-Irish agreement.



Irish premier Albert Reynolds (right) briefly met UK Northern Ireland secretary Sir Patrick Mayhew (centre) and SDLP leader John Hume when they attended a conference in Londonderry yesterday Reuter

Mr Ken Maginnis, security spokesman for the Ulster Unionist party, said it was "presumptuous" for Dublin to take such a "divisive" approach to a delicate problem.

The Reverend Ian Paisley, leader of the hardline Democratic Unionist party, said: "We are moving to Mark Two of the Anglo-Irish agreement."

The two governments did not want to "consult the people" at all. "Until we deal with Articles 2 and 3 there can be no progress."

Sir Patrick said the paper was "not a document we have received" and it would be futile for him to speculate on it.

The Northern Ireland secretary met briefly with Mr Reynolds and Mr John Hume, leader of the Social Democratic and Labour Party, when they all attended a conference in Londonderry.

Mr Hume said he would shortly be meeting Mr Gerry Adams, the Sinn Féin president, to brief him on his recent talks with Mr Major.

Exchange breakdown disrupts trading for four hours

By Terry Byland, Peter John and Norma Cohen

THE London Stock Exchange's ageing Seaq automated price display system broke down for four hours yesterday, forcing market makers and investors to resort to telephones to find the best price to buy or sell shares.

The breakdown is the second in two months, with a shorter break of about 90 minutes in late September. Seaq screens show at a glance the prices market makers are offering for the purchase and sale of stock, allowing instant comparisons for those seeking the best deal.

The stock exchange declined to give any explanation for the failure, saying only that it was investigating the matter.

The exchange is developing a successor to Seaq which it plans to build itself. After lengthy internal debate, the exchange's board rejected a proposal to allow Nasdaq, the US screen-based trading system, to build a successor for it.

The absence of firm prices yesterday caused leading institutional investors to cease trading, with buyers deciding that they could not be sure they were getting the best price for stock. "Who knows what deals were done, and at what price, while the system was down?" commented one trader.

At Panmure Gordon, a leading institutional broking house, Mr Nigel Little said; "The SEAQ problems caused major complications. It was all the more serious because there was some sizeable business around. Overseas clients felt themselves completely cut off from the market."

Meanwhile, the system's failure also threw the derivatives market into disarray because the London International Financial Futures Exchange was unable to calculate the value of the FTSE, making it impossible to close the expiring November FTSE-100 options contract. The closing price should have been based on the FTSE between 10:10am and 10:30am, but had to be delayed for hours, leaving dealers with open positions. "It was an absolute horror for the market," said one futures dealer.

Tiphook in talks with Transamerica

By Maggie Urry in London and Richard Waters in New York

TIPHOOK, the leasing group struggling for survival under £1.2bn of debt, stepped back from the brink yesterday with a proposed £830m deal to sell its container leasing business.

Tiphook shares, which had fallen from a peak of 564p in October 1991, closed up 19p at 63p.

The UK-based company said it was in talks with Transamerica, the US financial services and leasing group, over the sale for cash of the container division, although no assurance could be given that the deal would go through.

If it does, Transamerica will jump into second position in the world container leasing market, after Genstar, the subsidiary of GE Capital Corporation of the US. Together, the two would control about 68 per cent of the worldwide industry, according to the US Journal of Commerce.

Transamerica said it was confident the proposed acquisition would not encounter anti-trust problems. If containers owned by shipping groups were included, it said, its market share would be considerably less.

Tiphook said the deal would substantially reduce its debt and balance sheet gearing. Analysts estimated it would cut Tiphook's gearing to less than 200 per cent, which is not considered excessive for a leasing company.

The company said it would give shareholders "details of the structure and future trading strategies of the newly shaped Tiphook". It plans to retain other activities which it believes will be capable of servicing the remaining debt.

The container division, shown in Tiphook's 1993 accounts to have gross assets of £628.8m, has made the greater part of group profits in recent years. The rest of Tiphook comprises a trailer rental business, which is the market leader in western Europe, and a relatively small railway wagon leasing activity.

One analyst said: "The container business is the heart of the group. Tiphook could end up with a grotty business and a pile of debt."

The London stock market was surprised by the price Transamerica is prepared to pay. Since Monday, when Tiphook confirmed it was in talks to sell its container leasing business,

Continued on Page 24
Lex, Page 24

Apec ministers agree to tariff cuts

By George Graham in Seattle

MINISTERS from the Asia-Pacific region have agreed to a package of tariff cuts intended to provide a last-minute stimulus to the Uruguay Round of trade negotiations before the December 15 deadline.

In a declaration due to be issued at the conclusion of a two-day meeting in Seattle of the Asia-Pacific Economic Co-operation group, ministers called urgently for a successful conclusion to the long-running Uruguay Round of world trade talks.

Adding bite to their words, most of the 17 Apec member countries also agreed to at least part of an annex declaration, listing specific product areas on which they agreed to cut their tariffs to zero.

President Bill Clinton yesterday promised that the US would press hard for the completion of the Uruguay Round. Buoyed by the support of the US House of Representatives for the North

Continued on Page 24
Fresh attempt for Gatt, Page 4
Hitch on Japanese rice, Page 4
Trade optimism reignited, Page 9

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.85; Belgium BFr65; China Fen 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup40; Indonesia Rp5,800; Israel NS5.90; Italy L2700; Japan Y300; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 45; Poland Zl 32,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rs11.00; Singapore S$4.10; Slovak Rep KSL45; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden SKr16.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

 No 32,223 Week No 46 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

PM tries to soothe Swedish fears on Renault-Volvo link-up

Balladur steps into merger row

By Hugh Carnegy in Stockholm and John Ridding in Paris

FRANCE'S prime minister, Mr Edouard Balladur, has written to Mr Carl Bildt, his Swedish counterpart, in an attempt to counter Swedish opposition to the proposed merger between Renault and Volvo's car and truck operations.

It is the most significant move so far by the French government in its attempt to win over Swedish shareholders who threaten to vote down the plan to create Europe's second largest automotive group.

The Swedish government also confirmed for the first time that it had approached the French government. At Volvo's request it had pressed demands that Paris provide assurances on the timetable for the privatisation of Renault and a commitment not to use a state golden share to force down Volvo's proposed 35 per cent stake in the merged Renault-Volvo company.

Details of Mr Balladur's letter were not revealed. But it appeared not to have fully satisfied the Swedish side. Senior officials said the dialogue with Paris would continue.

Mr Bildt, who had previously avoided direct involvement in the issue, is understood to have intervened two weeks ago following an appeal from Volvo. The prime minister told Swedish radio yesterday there was "a strong need for clarification" of the privatisation and golden share issue, the main focus of shareholder concern. He said that without it there was a "very limited" chance the deal would be approved.

The French government has said it plans to privatise the merged group as quickly as possible, with a target date of the second half of next year. It has also promised that the golden share to be retained after privatisation will not be used against Volvo and is designed to protect the merged group from a hostile takeover.

But verbal statements have failed to satisfy Volvo shareholders who forced the Swedish group to postpone a vote on the deal until December 7.

Continued shareholder resistance and the approach of the deadline have pressed the French government into a concerted effort to reassure Swedish investors. Mr Balladur's letter follows a meeting earlier this week between Mr Gérard Longuet, French industry minister, and Mr Sören Gyll, Volvo's chief executive. Mr Louis Schweitzer, the Renault chief executive, was also in Sweden yesterday to lobby Volvo shareholders.

The merger, and the planned privatisation of the new automotive group, is one of the most important elements of French industrial policy and the government's plan to sell 21 publicly-owned companies.

Italy seeks way out of dispute over steel cuts

By Robert Graham in Rome

THE Italian government is expected to set up a special commission in the next few days to try to resolve its acrimonious dispute with the European Commission over reducing overcapacity in the European steel industry.

A meeting of EU industry ministers broke up in disarray on Thursday after Italy rejected demands by Brussels for a 2m cut in annual production capacity at Ilva, the Italian state steel group.

The Rome government has been strongly resisting the scale of the Ilva cuts, arguing that they would compromise the viability of the Taranto steel works in southern Italy, the largest in Europe, and create a serious social problem with rising unemployment.

Italy is now expected to draw up a new plan covering both the public and private sector and Mr Paolo Savona, the industry minister, is expected to establish a commission with a brief to find a solution acceptable to the EU.

Italy, it seems, is willing to play for high stakes. But it does not wish to be seen pitted against all its partners, nor be accused of sabotaging integration on the issue of steel which was central to the early stages of forming an common market.

In the view of the unions, who are seeking an early meeting with the government, the best solution would be to spread the production cuts into the private sector. They argue that Taranto is a very modern plant with another 30 years of productive life. Better to eliminate capacity among the older private plants, in particular Falck's operation at Sesto San Giovanni on the outskirts of Milan.

Taranto has an unemployment rate exceeding 25 per cent, and rationalisation of Ilva puts a quarter of the 13,000 steel jobs there at risk. Mr Carlo Azeglio Ciampi, Italy's prime minister, last week took the unprecedented step of writing a personal letter to Mr Jacques Delors, Commission president, warning of "explosive social consequences" if Taranto were compromised.

The government has its hands full trying to ensure the 1994 budget passes smoothly through parliament and is anxious to avoid social unrest as the country moves towards an early general election.

The loss-making Ilva group, controlled by Iri, the state holding, is being split in two covering flat products (essentially Taranto) and special steels.

The main privatisation issue is who will take over Taranto. Both France's Usinor and Nippon Steel are possibilities.

EU aims to slam its open doors

By David Gardner in Brussels

THE European Union's much-vaunted policy of greater openness in its decision-making, proclaimed by the last four heads of government meetings, is in danger of taking a big step backwards before the next summit in Brussels on December 10.

The Union's stated policy is to give the public right of access to all EU information, except where national security, monetary stability, commercial confidentiality, privacy, or relations with non-member countries could be endangered.

The policy was strengthened in the wake of Danish voters' initial rejection of the Maastricht treaty in June 1992.

However, ambassadors of the Twelve, in their latest attempt to draw up a code of conduct, have now inserted additional grounds for exemption, entitling all EU institutions to "refuse access in order to protect the interests of the institution and safeguard the secrecy of their deliberations".

This discretionary catch-all is contained in a confidential compromise proposal – or so-called "non-paper" – from the current Belgian presidency of the EU.

It is intended to close the gap between member states like the Netherlands and Denmark, which want freedom of information norms similar to their own or US or Scandinavian rules, and more secretive countries like Britain, Portugal and Belgium itself.

"That is a step back, closing off things that are now relatively open," said a diplomat from the Union's dwindling open government camp.

He predicted that the code of conduct would lead to a small number of exemplary sackings of officials, to tighten up on the frequent leaks which are how a good portion of EU policy-making comes into the public domain.

Foreign ministers of the Twelve are expected to decide on the issue early next month, before the Brussels summit.

Although television cameras have this year been allowed in to record some set-piece EU ministerial proceedings, the openness question, identified repeatedly by the Twelve as one of the prime causes of public disenchantment with Europe, will almost certainly be settled behind closed doors.

Reuter

Mr George (left) and Mr Tietmeyer, with French economy minister Edmond Alphandéry at yesterday's conference

Bankers united on pace of union

Tietmeyer and George recommend a cautious approach to Emu

By David Waller in Frankfurt

EUROPEAN Union governments must put their monetary houses in order before implementing measures to speed the pace of union, central bankers said yesterday.

Mr Hans Tietmeyer, Bundesbank president, and Mr Eddie George, governor of the Bank of England, displaying a rare degree of unity, both argued against premature moves towards European economic and monetary union.

"As the credibility of the system has been greatly impaired by developments in the past few years, every member state must now initially pursue a policy to restore its own credibility," Mr Tietmeyer told a Frankfurt conference. "In future, the rules of the system can at best foster this credibility, but not replace it."

Lending his support to the view that there should be no quick and general return to narrow bands in the exchange rate mechanism, Mr Tietmeyer went on to argue that "we should be careful.... to avoid too ambitious and too early implementation of new instruments such as common targets for monetary aggregates.

"Given the present environment and the essential need for building up the credibility of the system again, such a move would be premature and in the end counter-productive. Regaining credibility by improving [economic] convergence is a serious and long-term job and requires co-ordinated action of all member states on their own responsibility," he said.

Mr George warned of the danger that "political aspiration will run ahead of economic reality", which in his opinion would set back rather than advance the cause of European union. He urged that it would be better to concentrate on the "here and now" – in other words, the immediate task of promoting convergence between the economies of individual European countries. Especially important was internal price stability, without which lasting exchange rate stability would be no more than an illusion.

He acknowledged, as did Mr Tietmeyer, that the flexibility inherent in the move towards wider bands for currency fluctuation in the ERM posed risks for the convergence process. He argued that monetary policy objectives within the EU, having once been too tightly drawn, were now underspecified, and that there was a case for buttressing the ERM in its current, looser form "with clearer Community-wide understandings on the domestic policy objectives to be pursued within the looser exchange rate framework".

The agreement between the two men contrasts with the tensions which arose over the conduct of monetary policy in September of last year, when the UK perspective was that German monetary rigour directly contributed to market pressure on sterling and its eventual withdrawal from the ERM. Mr Tietmeyer acknowledged that the functioning of the EMS had been affected by German monetary policy in the early 1990s, itself a reaction to the inflationary problems caused by reunification. But he said that the EMS would have suffered a shock even in the absence of German reunification as "the less dynamic world economic environment would have exposed the lack of convergence between participating countries".

Brussels fans urge to converge

By Andrew Hill in Brussels

EU MEMBER states have laid strong foundations for economic and monetary union, but further efforts will be needed to maintain the momentum of convergence, according to the European Commission.

It calls for "decisive action" to reduce budgetary imbalances, and urges states to reject "go-it-alone" economic, monetary or commercial policies which might undermine the single market.

The Commission will present its report on convergence and the implementation of the single market to EU finance ministers on Monday. The Maastricht treaty, which came into force on November 1, requires Brussels to assess the progress made in the first stage of Emu, before next January 1, when stage two will begin.

The report contains a staunch defence of the single market programme, which has been criticised for not delivering all the promised benefits. It claims that legislative steps already taken "will be sufficient to trigger the bulk of the competitive and resource allocation gains which will flow from internal market completion".

However, the Commission concedes that those improvements have been obscured by the effects of recession, which has led to increased unemployment and stalled the process by which poorer countries are supposed to catch up with the wealthier.

The report highlights continued difficulties in meeting Maastricht criteria on public finances. It points out that only Ireland and Luxembourg are on course to meet the 3 per cent target for budget deficit as a proportion of gross domestic product by 1996. The EU average is 6.4 per cent, higher than at the start of the decade.

The Commission also warns that if exchange rates are not managed carefully, "sudden changes in relative competitiveness.... could generate demands for safeguard restrictions on cross-border trade", undermining the single market.

Ciampi's fate rides on local elections

By Robert Graham

THE leaders of Italy's main political parties held rallies across the country yesterday urging a heavy turn-out in today's municipal elections.

The poll, covering almost 11m voters, a quarter of the electorate, will be an important test of opinion. The outcome is liable to determine the life of Mr Carlo Azeglio Ciampi's government.

Overall, 450 city and town councils are up for renewal. The main interest centres on the big cities – Genoa, Trieste and Venice in the north, Rome in the centre and Naples and Palermo in the south.

In the north Mr Umberto Bossi's populist League will be seeking to extend its domination. In the last partial municipal elections in June, the League succeeded in its main objective in taking Milan.

Elsewhere the long-governing Christian Democrats will be desperately trying to maintain the allegiance of the electorate, especially in southern Italy.

The opinion polls suggest they will suffer a sharp loss of support and, for the first time since 1946, will hold no large city.

They are expected to lose out to the neo-fascist MSI on the right, and on the left to coalitions sponsored by the former communist Party of the Democratic Left.

Under new rules for the direct election of mayors, candidates must either obtain an absolute majority or face a run-off between the top two candidates within two weeks.

The backers of the winning mayoral candidate are then allocated 60 per cent of council seats to ensure a stable governing coalition.

Most municipal contests are expected to go to a second round due on December 5. However, Mr Leoluca Orlando, the leader of the reformist movement, La Rete (The Network), is expected to win Palermo outright, according to the polls.

Timesharers get time for thought

By Andrew Hill in Brussels and Michael Skapinker in London

EUROPEAN Union ministers yesterday agreed new measures to protect potential buyers of timeshare properties from unscrupulous sellers.

Since timeshare ownership became popular, buyers have often complained about high-pressure selling techniques and their inability to bring sales people based in other countries to justice.

The directive approved yesterday provides for a minimum 10-day "cooling-off" period to allow timeshare purchasers to change their minds.

Britain, which had pushed hard for European-wide legislation, welcomed agreement on the directive. Many British people have bought a share in holiday homes, particularly in Spain. Existing UK legislation includes a 14-day cooling-off period, but applies only to contracts signed in Britain or under UK law.

The new EU legislation also calls for contracts to be written in two languages to avoid confusion, and prevents sellers asking for deposits during the cooling-off period.

The directive did not meet with the approval of all consumer affairs ministers. Italy and Portugal voted against it on the grounds that there should be a deposit and the Dutch abstained after calling for a longer cooling-off period.

However, Lord Strathclyde, UK consumer affairs minister, who was not present for the agreement, said it was "an effective package of consumer protection law" which would avoid "unnecessary and bureaucratic burdens on the industry".

The measures were attacked, however, by the Timeshare Council, which represents legitimate timeshare companies in the UK. Mr Norman Burden, the council's chairman, said that the prohibition on deposits was unacceptable to the industry.

He said: "It goes against centuries of good commercial practice and undermines the mutual commitment which is the basis of every satisfactory contract. We shall continue to fight hard for the right to reasonable deposits."

He added: "This new move brings a lot of uncertainty to an industry that sustains around 20,000 full-time jobs in Europe."

Industrial output falls in France

By David Buchan in Paris

A DROP in car and consumer goods sales led to a 0.3 per cent decline in French industrial output in September from the level of the previous two months, according to Insee, the official statistics agency. However, Insee revised upward its initial estimate of zero growth in gross domestic product in the second quarter to an increase of 0.3 per cent.

The economy ministry, commenting on the output figure, said the fact that the overall level in July-September was 0.45 per cent higher than in the previous quarter convinced it that France was on the road to recovery.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

Britain threatens tougher sanctions

Ban fails to halt Nigerian protests

By Paul Adams in Lagos

STRIKES, protests and fuel shortages continued in southern Nigerian cities yesterday, despite a ban on all demonstrations and an assurance by the government that it will not lift the 700 per cent fuel price rise which sparked off the strikes.

General Sani Abacha, Nigeria's new military head of state, issued a warning on Thursday that political opponents would be suppressed and and "political associations" would be proscribed.

The new government is being assembled while Mr Ernest Shonekan's civilian interim government ministers and the elected governors of all 30 states, dismissed by Gen Abacha on Thursday, are clearing their their desks. An announcement of the new cabinet is expected by Monday.

Britain warned Gen Abacha it was discussing tougher sanctions with its international partners after what it called his deplorable decision to ban political parties.

The foreign secretary, Mr Douglas Hurd, told parliament that Britain's patience towards its former colony was running out. "We deplore the decision of the Nigerian military to take back power and, as announced last night, to dissolve all democratically elected institutions," he said.

Britain, other EC countries and the US imposed sanctions on Nigeria, Africa's most populous nation, after the previous military government annulled the results of a presidential election in June.

Sources close to the military said the seizure of power which took most Nigerians by surprise on Wednesday, was intended to pre-empt action by less senior officers in the armed forces who grew restive over the interim government's loss of control and the stalled transition to democracy.

The measures begun by Mr Shonekan to stop fuel racketeering have already taken effect in the north's main city, Kano, where fuel is on sale at the official price for the first time in months.

A official in charge of the Oil Ministry until a minister is appointed told the big oil marketers there was no question of rolling back the fuel price, increased from N0.70 to N5 (15p) a litre last week, and they would be assisted in delivering to filling stations.

Lagos, the commercial capital, is still badly affected by the general strike. The port is closed, big banks and factories are shut, and fuel and public transport are scarce.

Violent clashes were reported in parts of the Yoruba-speaking south-west, the homeland of Mr Moshood Abiola, who was the unofficial winner of the presidential poll annulled in June.

Spanish minister quits over police search laws

By Tom Burns in Madrid

MR Jose Luis Corcuera, Spain's long-standing interior minister, yesterday tendered his resignation, prompting the first cabinet crisis for Mr Felipe González since he was returned to power at the head of a minority government in general elections last June.

Mr Corcuera's aides said he had resigned "irrevocably" after Spain's Supreme Court, the 12-member Tribunal Constitucional, ruled against powers in new public security legislation drawn up by the Interior Ministry for police to search the homes of suspected drug dealers without a court order.

The resignation is politically ill-timed for Mr González, who had hoped to delay a cabinet reshuffle until early next year, when he planned to bring in members of minority nationalist parties from the Basque Country and Catalonia to the government.

Mr Corcuera had been among those earmarked to leave the government, as he is likely to run for a senior post in the ruling Sócialist party at its national congress in March.

Neither the Basques nor the Catalans have however shown any inclination so far to join the government and Mr González will next week have to find an unexpected substitute for Mr Corcuera, which will make his cabinet look rather like a caretaker administration.

Complicating the prime minister's choice were reports yesterday that senior officials in the Interior Ministry, who might have been expected to replace Mr Corcuera, had indicated that they wished to resign along with him.

Mr Corcuera, who joined the cabinet in 1988, had served notice during June's election campaign that he would resign if any articles of his department's security legislation were ruled unconstitutional.

An electrician by training and a former trade union official, he is the only member of Mr González's Socialist government who is not a university graduate, and his tough and bluff stand against both terrorism and drug dealers had earned him widespread respect and affection.

US Senate passes $22bn anti-crime bill

By Jurek Martin in Washington

THE US Senate yesterday overwhelmingly passed a $22bn (£14.7bn) anti-crime bill, but doubts remained whether both houses of congress could agree on unified legislation before they adjourn next week.

Following its 95-4 vote, the Senate immediately moved on to debating the Brady bill, which would impose a five-day waiting period on buyers of handguns. This measure, named after Mr James Brady, the White House press secretary severely wounded in 1981 in the attempt on President Ronald Reagan's life, has already secured the approval of the House.

The most significant features of the omnibus crime bill include funding for an additional 100,000 police officers, a ban on the sale of 19 types of semi-automatic assault weapons, among them the AK-47 and the Uzi, and tougher sentences for persistent offenders and those found guilty of violent crime in which guns are used.

Ms Janet Reno, the attorney general, said in a television interview that both the Brady bill and the ban on certain types of assault weapons were "critically important steps in developing a programme where we make sure that weapons are rationally and properly used in America".

Unlike the Senate, the House has taken a piecemeal approach to crime legislation, passing individual bills rather than lumping them together. Even if reconciliation cannot be achieved in a conference committee of both chambers over the next few days, legislation can be carried over into the next session, starting in January.

In a magazine interview this week, President Bill Clinton said he might advance additional gun control measures next year, and Senator Daniel Patrick Moynihan of New York has already proposed punitive tax increases on the sale of ammunition. The president did not exclude asking for a total ban on handgun sales, though this would probably come much later.

The National Rifle Association, the powerful lobby against gun control, had some success in watering down the Senate bill and will be particularly pleased if the Brady bill falls by the wayside, as it has for seven years.

American Airlines sues strikers

By Frank McGurty in New York

An exasperated passenger, Cecilia Ini, waits at American's Los Angeles airport counter after her flight to Argentina was cancelled AP

AMERICAN Airlines said yesterday it had filed a law suit in Texas charging the trade union representing striking flight attendants with falsely implying that the carrier's operations were unsafe.

The airline, the second-largest US carrier after United, took the action on Thursday after 21,000 members of the Association of Flight Attendants began an 11-day walkout over proposed changes in staffing, work rules and fringe benefits. The strike is intended to disrupt American's flights during the busy Thanksgiving day holiday period.

American, a division of AMR, has tried to continue operating with other employees trained to replace the strikers temporarily. It was also recruiting new flight attendants at its headquarters in Fort Worth, Texas, and 30 other cities.

The suit charges that the union and its public relations firm, Abernathy & Mitchell of Washington DC, have asked travel agents to steer customers away from American flights on the grounds that its staffing levels and training programme were unsafe.

Mr Ray Abernathy of Abernathy & Mitchell, denied that the firm or the union had ever "alleged or implied American Airlines' operations or aircraft were unsafe".

The airline is seeking unspecifed damages for business losses and $10m (£6.7m) in punitive damages.

On the first day, the strike appeared to be far more successful than the airline had expected. The union said about 90 per cent of its members at American were honouring picket lines and the airline's system was "virtually shut".

The airline had to cancel many flights and restrict others to freight and mail. Many passengers were found seats at competing airlines.

P&G hopes to clean up in Russian market

By Richard Waters in New York

THE battle by foreign consumer products companies for the loyalty of Russian consumers was stepped up yesterday as Procter & Gamble, the US giant, announced plans to take a controlling stake in a manufacturing plant near Moscow.

The deal, worth more than $50m (£33.5m), marks an expansion of the US group's latest foray into eastern Europe, and signals its intention of selling a broader range of products to Russian consumers.

At present P&G makes two detergents in Russia: Ariel, the world's biggest-selling brand and Tix, a local brand. Once it takes control of the plant in Novomosovsk, 130 miles from Moscow, the company says it will expand its range of detergents and cleaning products made in the country.

"We see great promise in this [Russian] market," said P&G. The company has already built or is building plants in Hungary, Poland and the Czech republic.

"Right now it's in the laundry business, but it could be other products in future."

Leyla Boulton adds from Moscow: The acquisition is the latest of a series of purchases by foreign buyers belatedly taking part in the mass Russian privatisation programme.

The sell-off of large numbers of Russian factories is designed to improve their performance and attract badly-needed foreign investment.

US and EU make fresh attempt to break Uruguay Round logjam

Farm trade officials in secret talks

By David Gardner in Brussels

TALKS between the European Union and the US on the farm trade controversy secretly restarted yesterday in Brussels as Sir Leon Brittan, chief EU trade negotiator, prepared to meet Mr Mickey Kantor, US trade representative, in Washington on Monday to attempt to break the deadlock in the Uruguay Round of world trade negotiations.

Mr Joe O'Mara, a senior official from the US Agriculture Department, yesterday met Mr Guy Legras, head of the European Commission's agriculture directorate.

"We had a discussion, and it's one of a seris of discussions

Gatt countdown, Page 9

we've been having, and that will continue" between now and the December 15 deadline set to conclude the Round, Mr O'Mara said.

He refused to divulge any details of the talks, which the Commission has not acknowledged as taking place. Mr O'Mara was due to fly back to Washington today.

Officials in Brussels believe the two main items discussed were the Blair House agreement the two sides reached 12 months ago, to cut subsidised food exports, and market access for agricultural produce.

Blair House is one of the foundations on which success in the Uruguay Round depends. While both sides say they do not want to re-open the hard-won deal, the EU, under French threats to veto an overall trade deal, is seeking "clarification" or additional concessions.

Washington, which believes Brussels got the better of the Blair House compromise, wants additional guarantees on entry to European food markets.

Senior officials here believe the most likely "clarification" Washington would be prepared to concede would be to ease the "front-loading" of the 21 per cent cuts in subsidised export volume.

A joint memorandum worked out by both sides after the Blair House deal was struck envisages that these cuts would take place evenly over the six years of the agreement, with some flexibility to offload cuts from one year if they were "paid back" the following year.

This flexibility might be increased to allow a greater shift towards the end of the six years. By then, if the EU's reform of its Common Agricultural Policy is working, the cuts might not have to be made at all. The CAP reform is intended to rein in overproduction and reduce grain prices to world market level, whereby they could be exported without subsidy and free from Gatt constraints.

China's foreign minister, Qian Qichen, and President Jiang Zemin (left) meet the daughter of a Boeing worker at her home in Marysville, near Seattle, where the Asia Pacific Economic Co-operation meeting is being held

Associated Press

Brittan and Kantor try again on Gatt deadlock

By David Dodwell in Geneva

THE SCOPE of the Uruguay round package of global trade reforms will hinge critically on significant deadlock-breaking initiatives from top US and European Union trade officials when they meet in Washington next week, according to trade negotiators in Geneva yesterday.

Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade which oversees the Uruguay Round, told a meeting of all trade negotiators that it was "particularly urgent that the major trading powers bring to the table a decisive contribution that will enable us to achieve the balanced package necessary to conclude the round."

He warned of the danger that participants in the negotiations will withdraw conditional market opening offers "unless there is a determined and vigorous effort next week to move the market access package forward decisively".

The comments add weight to an increasing awareness that the Kantor-Brittan meeting in Washington on Monday and Tuesday next week will play a critical part in shaping the final Uruguay Round package.

Negotiators remained confident yesterday that agreement will be reached by the December 15 deadline, but emphasised that the outcome of the Washington talks would determine whether it would be a "big agreement", or more modest in its scope.

Both the US and the EU have assembled large technical teams to back their top trade negotiators in the event of any breakthrough in Washington. These will cover farm trade, trade in goods, financial services, subsidies and dumping rules.

Trade negotiators who only a day earlier were praising US President Bill Clinton for his success in winning Congressional support for the North American Free Trade Agreement were yesterday fiercely critical of issues being raised by the US which are jeopardising progress towards an agreement.

The US was criticised in particular for putting conditions on its offer dealing with trade in financial services, and for wanting to insulate its tax authorities from multilateral discipline if they were ever to discriminate against foreign companies. Mr Sutherland complained that these moves "may prove utterly counterproductive".

Several countries have threatened to withdraw their offers in financial services if the US does not change its position. These include India, Malaysia and Hong Kong.

"Unless there is an urgent review of these positions, not only will the effort we have made to improve existing offers falter, but the important progress that we have already made may begin to unravel," said Mr Sutherland.

He called on the US to tackle "domestic interests who may take unrealistic positions on what it is possible to achieve in this first multilateral negotiation."

Mr Les Samuels, the US Treasury assistant secretary responsible for tax policy, is due to arrive in Geneva on Monday to explain the present US position, and to listen to reactions.

Judging from the views expressed by trade negotiators yesterday, Mr Samuels must expect some uncomfortable discussions.

The US has also been attacked for trying to weaken proposed anti-dumping rules.

Japan sticks on rice issue

By Michiyo Nakamoto and Emiko Terazono in Tokyo

JAPAN'S revised schedule of tariff reductions submitted yesterday to Gatt includes no offer on the most sensitive categories – white spirits, leather, forest and agricultural products including rice – where the country is facing demands for improved foreign access.

The move by Japan, which has publicly expressed a strong desire to help push the Uruguay Round negotiations to a successful conclusion by the December 15 deadline, shows the difficulties negotiators still face.

Meanwhile an official at the trade ministry said there was nothing more to offer at this point on leather and leather shoes, which have been a point of contention with the EC.

For mining and manufactured products, however, Japan indicated it was willing to be more compromising with an offer of an average 60 per cent cut in tariffs on 6,600 products, which will bring average tariffs on these products to 1.5 per cent.

On rice Mr Morihiro Hosokawa, the prime minister, indicated yesterday that there might be scope for Japan to accept minimum levels of imports. Although he reiterated the official line that the government opposed lifting the ban on rice imports and denied media reports that US and Japan had agreed on a compromise deal over rice, he said he could not tell what would happen after the negotiations.

Japan is seeking to avoid being blamed for delaying the Uruguay Round. Officials are currently under negotiations with the US over a compromise agreement to partially open its rice market in exchange for rice to be exempt from tariffication.

Japanese officials want a six-year moratorium on tariffication of rice imports, during which Japan would import 4 to 8 per cent of its domestic consumption, a slightly higher range than the 3 to 5 per cent minimum access level under Gatt's Dunkel text.

The Japanese government aims to appease both the international community and the Japanese public with its proposal. However, whether it will be accepted by the US and other countries remains to be seen, since it fails to guarantee that Japan will open its rice market through tariffication after the six year grace period.

Hosokawa to cut income tax to stimulate economy

By William Dawkins in Tokyo

THE JAPANESE government yesterday confirmed that it plans to cut income tax early next year in an attempt to stimulate stubbornly poor domestic demand.

Mr Morihiro Hosokawa, the prime minister, said he would implement tax reform in line with yesterday's long expected proposals from a government tax panel, for a cut in income tax, to be funded by an increase in consumption tax.

Japanese business groups and the US government agree that a cut in income tax is vital to help pull Japan out of recession. The changes are part of a wider overhaul of the tax system, designed to spread the tax burden more evenly and avoid a drop in government tax revenue as Japan's population ages.

The panel left the precise size and timing to the government, but economists assume the income tax cut will be worth Y5,000bn (£31,446m). That should lift next year's growth by 0.6 per cent, Asahi Bank forecast yesterday.

The main recommendations are:

- The top rate of income and residential taxes combined should be cut to 50 per cent from 65 per cent (of which 50 per cent is income tax and 15 per cent residential). Income tax on low incomes should also be reduced.
- Tax reform should not worsen Japan's tight fiscal position.
- Consumption tax should be raised from its current rate of 3 per cent. Food and other necessities should not be exempt.
- Inheritance taxes should be reviewed to ease burden on transfers of property and companies.
- Corporate taxation should be reduced.

The panel will produce more a more detailed final report by the end of next month.

Yesterday's proposals could increase divisions in the seven-party coalition just as it is basking in the triumph of having pushed political reform plans through the lower house of parliament.

The Social Democratic party, the largest coalition member, opposes a rise in consumption tax on the grounds that this will hit the less well-off. Consumer groups made the same criticism.

However, the Japan Renewal party, the second largest coalition member, follows the powerful finance ministry's line that income tax cuts must be funded by consumption tax rises, rather than by government bonds.

Japan's social security budget will come under heavy demands from its ageing population over the next decade. By 2007, one in five Japanese will be aged 65 or more, making it one of the most aged populations in the industrialised world, up from 13 per cent now.

US to let China buy computer

THE Clinton administration has decided to sell China a supercomputer to help in forecasting natural disasters, AP reports from Seattle.

US officials said the sale of power turbines for nuclear generators had also been tentatively approved.

However, while the supercomputer, manufactured by Cray Research and worth about $8m (£5.3m), is a "done deal", the sale of the turbines will depend on China showing a willingness to respond to US concerns over human rights and trade practices which inhibit US exports to China in several areas.

Tokyo stocks sink amid fears for financial system

By Emiko Terazono in Tokyo

MOUNTING pessimism over the Japanese economy, a spate of poor corporate earnings figures, and heavy technical selling weighed down Japanese share prices yesterday, pushing the Tokyo market to an eight-month low. The Nikkei average of 225 leading stocks fell 1.2 per cent to 17,941.19, closing below the 18,000 level for the first time since March.

Investors fear that further falls could damage the country's financial system, wiping out chances of Japanese banks writing off bad loans using gains on their stock holdings.

Some brokers had hoped record low interest rates would bring investors back into the market. However, many investors believe that current share prices are too high, and do not fairly reflect the true strength of Japanese corporations and the underlying economy.

The price/earnings ratio for the market stands at around 90 times, and low dividend yields, which currently average 0.8 per cent, are also no attraction.

The Nikkei has lost 8.9 per cent since the beginning of this month, and although recent falls in the index have been exaggerated through technical selling related to a shift in trading of stock indices, overall sentiment over the economic backdrop remains gloomy.

Interim earnings figures announced over the past few weeks have only reinforced worries over the country's economy. So far, 771 companies have reported unconsolidated half year results to September, revealing a 26.2 per cent fall in pre-tax profits and a 7.7 per cent decline in sales from a year earlier.

The Bank of Japan said yesterday that signs of an economic pick-up in the second half of the year to March remain unlikely.

Sectors other than housing investment and public spending were performing poorly.

World Stocks, Page 21

US trade deficit widens to $11bn

By Michael Prowse in Washington

THE faster pace of US economic growth is leading to a wider trade deficit, figures yesterday indicated.

The Commerce Department reported an increase in the trade deficit to $10.9bn (£7.3bn) in September against $10bn in August. The shortfall was higher than analysts expected but fell well short of the $12.1bn deficit registered in June, the largest deficit to be seen in recent months.

The higher deficit reflected a 3.5 per cent monthly rise in imports to $49.8bn, which more than offset a 2.1 per cent increase in exports to $38.9bn. For the first three quarters, imports were up 9.5 from the same period last year against a rise in exports of 3.1 per cent.

In its latest forecast for the US economy, out this week, the Organisation for Economic Co-operation and Development projected a current account deficit of $107bn this year, rising to $135bn, or 2 per cent of gross domestic product, next year. The external deficit was $66bn last year.

The rise in the US trade deficit mainly reflects faster economic growth in the US than in most overseas markets, especially Japan and Europe. Many forecasters predict US growth at 4 per cent a year or more this quarter.

There is little sign of any erosion of American export competitiveness. In the first three quarters, US exports to Asian newly-industrialising economies rose 10 per cent relative to the same period last year. US exports to the European Community were down but that mainly reflected the weakness of European demand.

Hyundai, Daewoo at odds over leadership of Korea TGV project

By John Burton in Seoul

DISAGREEMENTS have erupted between GEC Alsthom's main Korean partners, Hyundai and Daewoo, over which should lead the domestic consortium to make the Train a Grande Vitesse (TGV) for the country's new high-speed rail project.

The dispute comes as GEC Alsthom is trying to conclude negotiations with the Korean government by the end of the year on a $2.4bn (£1.6bn) contract for the supply of TGV trains and technology.

Hyundai Precision and Industry triggered the row this week when it said it had been selected by GEC Alsthom to lead the Korean consortium building half of the 46 TGV trains, which will run between Seoul and Pusan by 2001.

Daewoo Heavy Industries, another participant in the consortium, protested against the decision, claiming that GEC Alsthom had promised it would be the main subcontractor for the transfer of TGV technology.

"Daewoo and GEC Alsthom have a contract on the transfer of high-speed rail technology, and GEC Alsthom named Daewoo the leading manufacturer in its bidding offer," said Mr Suk Jin-chul, president of Daewoo Heavy Industries.

"I cannot understand how GEC Alsthom can ignore such an agreement and select Hyundai. We will take all necessary legal actions if Hyundai is named its final choice."

Daewoo had also expected to be chosen as consortium leader because it had co-operated with GEC over the past decade in building rail carriages for Seoul's underground system.

Daewoo suggested that GEC Alsthom selected Hyundai because Hyundai might be more willing than Daewoo to establish a joint venture with GEC Alsthom to produce conventional rail carriages for Korea's expanding rail and underground networks.

Mr Ambroise Cariou, director of GEC Alsthom's Seoul office, yesterday dismissed Daewoo's claim of exclusive rights to TGV technology as "nonsense".

He said all three main subcontractors, which include Hanjin Heavy Industries, would have equal access to TGV technology. Hyundai Precision, which makes transport equipment, was selected as the consortium leader on the basis of its industrial and technical capability.

Hyundai is expected to receive 40 per cent of the Korean half of the TGV contract, with Daewoo getting another 40 per cent and Hanjin 20 per cent.

The dispute is the second to hit the Korean TGV project since GEC Alsthom won priority negotiating rights in August for the train contract. Siemens, which competed against GEC Alsthom for the contract, lodged a protest at the decision, claiming the Korean government's selection process was unfair and biased.

to proceed.
In the Ukraine, unable and Electricité de France, told the

More for your money.

The new, improved Monday FT. Starts Mon. November 22.

The Monday FT is changing. Starting soon it will incorporate a host of new features to give you a clearer view of the week to come.

It will highlight emerging trends, discussing how changes in the markets will affect you.

There will be regular articles looking at what the future holds for well known companies and individuals. You'll also find a comprehensive diary of the week's business and social events. (Those you want to know. And those you need to know.)

So you could just find you're still using it on Tuesday. And Wednesday. And Thursday. And Friday. And...

The new Monday FT.

FT. Because business is never black and white.

NEWS: UK

Teachers vote to continue boycott of tests

By John Authers

INDUSTRIAL ACTION in schools in England and Wales looks set to continue after the largest teachers' union voted to maintain its boycott of national curriculum tests.

The government was swift to condemn the decision by the National Union of Teachers, which was made despite a series a concessions. Other teachers' unions showed solidarity with the NUT in continuing the boycott.

Last summer, boycotts by all three main teaching unions reduced the first national tests for 14-year-olds to a farce, and forced the abandonment of plans to publish league tables of schools' performance in the tests.

Since then, the Schools Curriculum and Assessment Authority, chaired by Sir Ron Dearing, has announced that the number of items on which teachers must assess 14-year-olds will be cut from 41 to six, while plans have been scrapped for national tests in technology, modern languages, history and geography. But all the main unions said teachers had yet to see any evidence of reduced workload.

The NUT's ballot had 69,732 members in favour of continuing the boycott with only 3,477 against. About 139,000 were eligible to vote.

Mr Doug McAvoy, NUT general secretary, said: "The interim Dearing report, the attitude of government and the material for future testing currently available have not convinced teachers that the problems of workload and educationally unsound tests have been resolved."

Sir Ron is due to report to the Department for Education on detailed changes to the curriculum by the end of next month, but Mr McAvoy said these were unlikely to have an impact on the NUT's boycott. The union will consult its members less formally when more information on testing is available.

Baroness Blatch, education minister, said: "Parents will find it difficult to understand the reason behind this decision given the changes already made as a result of Sir Ron Dearing, and the degree to which teachers have been consulted."

Mr Chris Woodhead, chief executive of the Schools Curriculum and Assessment Authority, described the news as "disappointing", and said the tests had already been "streamlined" to "provide teachers and parents with essential information about children's progress".

However, other teachers' unions gave strong support to the NUT. Mr Peter Smith, general secretary of the Association of Teachers and Lecturers, whose union will ballot on the boycott after Sir Ron's final report has been published, said: "We would have expected the same result from our members. Teachers in schools, rather than policymakers, are yet to experience a real reduction in a killing workload."

Mr Nigel de Gruchy, general secretary of the NASUWT teachers' union, said his union's boycott would continue.

Waste groups slam Tupe 'confusion'

By John Authers

WASTE DISPOSAL contractors will assume they must take on existing workforces on unchanged pay and conditions when bidding for local authority contracts, following new trade association guidance.

The decision by the National Association of Waste Disposal Contractors conflicts with government advice that there is no need to assume that the controversial Transfer of Undertakings (Public Employees) Regulations of 1981, known as Tupe, apply to competitive tendering.

Mr Steve Webb, policy director for the association, said the decision was necessary because "some authorities were using the confusion to suit themselves and they would apply Tupe when they wanted to and not when they didn't".

He said the government had added to the confusion by failing to make a firm statement on the issue. "The only thing we seemed able to do was to adopt a policy that we would assume that Tupe does apply. That at least puts some levels of certainty into the situation."

Mr Webb said the association was confident its members would continue to win local authority contracts even if they did not make swift savings through redundancies or pay reductions.

The environment department said the association was free to tender on this basis if it wished, but "the legal position remains that private contractors cannot determine just like that whether Tupe applies".

The Association of Metropolitan Authorities welcomed the association's decision as "a belated recognition that Tupe at least exists".

However, Ms Lesley Courcouf, the AMA's Tupe specialist, said it should be left to local authorities to say whether Tupe applied.

Brussels sets price for salmon imports

By Andrew Hill in Brussels and James Buxton

THE European Commission yesterday reacted to pressure from the Irish and British governments by imposing a minimum price on imports of Norwegian salmon into the European Union until the end of the year.

Scottish and Irish salmon producers have been hit by what the Commission described yesterday as "massive imports of Norwegian salmon at low prices".

On Thursday the Norwegians rejected Commission calls to restrict salmon exports. Yesterday, Mr Yannis Paleokrassas, the fisheries commissioner, took action under the safeguard rules of the EU's common fisheries policy.

The decision comes at a sensitive time for Norway, which is negotiating membership of the EU. Finding a way to preserve Norwegian fisheries is one of the trickiest aspects of the membership talks.

The Commission's move was also attacked for not going far enough by the Scottish Salmon Growers Association. Mr Jim Payne, chairman, said: "The levels of minimum import prices simply cement the market price at Norwegian dumping levels and do nothing to resolve the crisis in the industry."

The new minimum import price for fresh and frozen whole (ungutted) salmon is Ecu2,860 (£2,633) per net tonne.

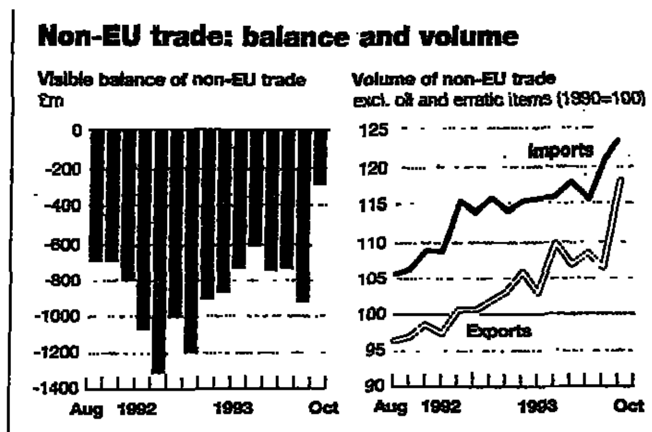
The Scottish Salmon Growers Association says that works out at £1.22 per pound, below the current weighted average price of £1.32 per pound for salmon at fish markets. Prices have risen slightly since touching a low point recently of about £1 per pound.

However, Norwegian sources said last night that the minimum price would represent an increase "in relation to the price of the last few weeks". Officials claim that total exports of Norwegian salmon for this year are forecast to rise by only 5 per cent.

Norwegian salmon farmers say output is set to grow faster in Scotland and Ireland than in Norway. They recently ended talks with Scottish and Irish farmers on creating a network of producer organisations aimed at controlling production.

The Irish government had formally requested safeguard measures, but the British authorities – to the irritation of Scottish salmon farmers – had only asked for "appropriate measures" to deal with the problem.

Non-EU trade: balance and volume



Source: CSO

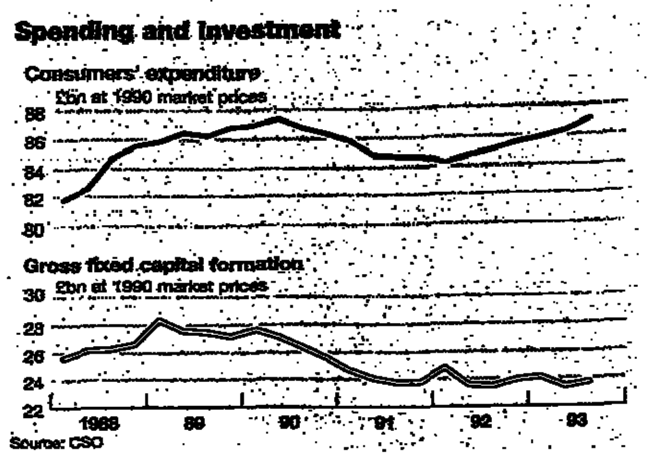
Non-EU trade: value

Balance-of-payments basis, seasonally adjusted (£m)

	Exports	Imports	Balance	Excl oil and erratics* Exports	Imports	Balance
1991	44,477	53,883	-9,406	38,289	45,250	-6,961
1992	46,682	56,431	-9,749	40,624	48,097	-7,473
1992 Q2	11,665	13,856	-2,191	10,128	11,776	-1,648
Q3	11,577	13,675	-2,098	10,069	11,667	-1,598
Q4	12,134	15,295	-3,161	10,574	13,119	-2,545
1993 Q1	13,670	16,765	-3,095	11,762	14,066	-2,304
Q2	14,205	16,421	-2,216	12,026	14,131	-2,106
Q3	14,602	16,995	-2,393	12,606	14,484	-1,878
May	4,665	5,408	-743	3,922	4,746	-824
June	4,863	5,468	-605	4,133	4,660	-527
July	4,847	5,591	-744	4,173	4,848	-675
August	4,905	5,633	-728	4,204	4,744	-540
September	4,850	5,771	-921	4,229	4,892	-663
October	5,276	5,569	-293	4,686	5,016	-330

*Defined as ships, aircraft, precious stones and silver

Spending and investment



Source: CSO

Non-EU trade gap falls sharply

By Peter Norman, Economics Editor

BRITAIN'S trade deficit with countries outside the European Union fell sharply to its lowest level for nearly six years last month as exports jumped to records in value terms.

The Central Statistical Office reported yesterday that the visible trade gap narrowed to a seasonally adjusted £293m in October. The figure for September's deficit was revised down to £921m from £1.09bn.

The October deficit, the smallest with non-EU countries since January 1988 – when the CSO first produced such figures – reflected a jump of nearly 9 per cent in the value of exports to £5.28bn last month. At the same time imports fell 3.5 per cent to £5.57bn from £5.77bn. Britain recorded a surplus in trade in manufactures with non-EU countries of £170m last month, the first such surplus since January 1988. Exports of finished manufactures, food and fuels rose sharply last month in volume terms.

Yesterday's figures suggest that UK exporters are taking advantage of stronger growth in the US. The £138m surplus in north American trade in October was the highest since March 1989.

Taking three-month figures, which the government says give a better guide to trends, exports in August, September and October were 4.5 per cent higher in value terms than in the May-July period while imports rose 3 per cent. Compared with the same period last year, exports were 28 per cent higher and imports 22 per cent higher.

In volume terms, exports were 2 per cent higher in the latest three months compared with the three months to the end of July, while imports were up 4 per cent. Volume exports and imports were up by 14 per cent and 12 per cent respectively compared with August-October 1992.

Just under half Britain's visible trade is with non-EU countries. These figures are produced on a more timely basis than those with the UK's European Union partners, which have been plagued by problems with the Intrastat system of gathering trade statistics introduced in January.

However, recent large monthly changes in the non-EU figures have made it difficult for the CSO to assess the trend, although the deficit appears to have been falling since January. Its latest estimates of trends suggested that UK exports to non-EU countries were growing in value at 1.5 per cent a month compared with 0.5 per cent growth per month for imports.

Figures for trade volumes have also fluctuated.For example exports excluding oil and erratic items such as ships, aircraft, precious stones and silver jumped 11 per cent in October compared with September, while imports excluding oil and erratics rose by 3.5 per cent. The CSO estimated that underlying export growth was about 1.5 per cent between September and October compared with 1 per cent for imports.

Spending on cars boosts growth

By Peter Norman

CONSUMER spending, much of it on cars and durable goods, was the main support of UK economic growth in the third quarter, government figures indicated yesterday.

The Central Statistical Office reported that consumer spending increased in real terms by a seasonally adjusted 0.9 per cent in the third quarter compared with the second quarter, and by 2.4 per cent compared with the third quarter of 1992.

By contrast, revised figures for UK gross domestic product confirmed a late October report that the economy grew by just 0.6 per cent in the third quarter. GDP grew by 1.9 per cent compared with the same period of 1992, just under the 2 per cent annual growth estimated last month.

Overall domestic spending on goods and services increased by just 0.3 per cent in the quarter and by 1.4 per cent compared with last year. This was depressed by £423m of de-stocking and low government consumption, which grew only 0.2 per cent in the quarter and 1.1 per cent over the past year.

Investment rose by 1.3 per cent in the third quarter after falling 2.9 per cent in the previous three months, and was 1 per cent up on the third quarter of last year.

BZW fined for breach of rules

By Tracy Corrigan

BZW Futures, the futures broking arm of Barclays de Zoete Wedd, has been fined a total of £67,500 by the London International Financial Futures and Options Exchange (Liffe) for breaching Liffe rules.

Four BZW floor traders were found to have "acted with reckless disregard for the interests of a client" in incidents between April and June 1992. Liffe fined all four traders and suspended them from the exchange floor for between two weeks and two months.

The breaches involved executing clients' orders at disadvantageous rates and crediting the resulting profit to a BZW futures account. Nearly 100 bond futures trades were executed through BZW Futures' "error account", designed to handle failed trades.

The breaches involved losses to clients of less than £5,000, and there was no personal profit for the traders.

The four were named as Mr Giovanni Cameran, booth manager, Mr Tom Rainey, booth broker, Ms Louisa Gibson, pit trader, and Mr Jason Willis, booth broker. Mr Cameran and Mr Rainey have both resigned from BZW, a spokesman said.

Mr Cameran was fined £2,000, Mr Rainey £4,750 and Ms Gibson and Mr Willis £1,000 each by Liffe.

The breaches were discovered as a result of routine surveillance procedures, according to Liffe.

Mr Daniel Hodson, chief executive of Liffe, said: "It is a matter of great regret that these breaches of the exchange's rules occurred."

The breaches are an embarrassment for Mr Nick Durlacher, BZW Futures chairman, who is also the chairman of Liffe. BZW said yesterday it accepted the findings of the Liffe disciplinary panel and did not condone any disregard for Liffe rules.

BZW has about 35 traders and support staff on the Liffe floor. In 1992, BZW Futures contributed £5.75m to BZW's £241.8m pre-tax profits.

Yarrow staff vote to return to work

By David Goodhart, Labour Editor

STRIKING white-collar workers at Yarrow warship builders on the Clyde yesterday voted to return to work, having successfully fought off an attempt to introduce performance-related pay for 500 draughtsmen and supervisory staff.

The staff walked out two weeks ago in protest at a pay offer of 1.8 per cent plus a performance-linked rise of up to 2.6 per cent.

Yesterday's deal gives all white-collar staff a general increase of 2.5 per cent. Officials of the MSF technical union said performance-related pay would never work in the shipbuilding industry.

Yarrow, part of the GEC group, has orders for three warships for the Royal Navy and for two more for the Malaysian navy.

Life houses open attack on SIB plan

By Alison Smith

THE LIFE INSURANCE industry has begun preparing opposition to the draft rules on commission disclosure issued this week by the Securities and Investments Board, the City's chief watchdog.

Allied Dunbar, the life subsidiary of BAT Industries, has written to regulators, politicians and chief executives in the industry warning that it sees no basis on which disclosing commission can be made fair and informative in terms of disclosing the potential for bias in giving advice.

Mr George Greener, BAT financial services chief executive, argued in the letter that there was a risk that the plans would be manipulated, with offices turning towards salaried rather than commission-based payments to their staff in order to look more competitive.

He added that any disclosure regime which had to cover a range of sales forces, from independent financial advisers working on a commission basis to the salaried company representative who received bonuses, could not present a clear picture of the equivalent incentive to sell.

Another of the largest life offices, Legal & General, said yesterday that it was "still to be convinced that the proposals were the best way of achieving" the aims of providing customers with the information they needed.

There is also concern among some life companies at the SIB's recommendation that commission disclosure should apply to term assurance policies, which are taken out for protection rather than for investment.

They fear that this could lead to a requirement for sales agents to reveal the incentive to make a sale on other types of insurance as well.

Hurd hints at end to aid for Bosnia

By Roland Rudd

MR DOUGLAS HURD, the foreign secretary, yesterday warned the warring factions in Bosnia that they could not expect humanitarian aid to continue indefinitely if there was no progress towards peace.

He said in the Commons debate on the Queen's Speech: "If the present political vacuum and lack of co-operation persists, the parties cannot expect the humanitarian commitment, which many of us undertake, to continue indefinitely. It is unrealistic to suppose that this effort can be expected to go on for ever and ever and ever when it is not receiving local co-operation and there is no progress towards a political settlement."

His remarks were seized upon by the Labour party as a signal that the UK was contemplating the withdrawal of troops from Bosnia.

Mr Jack Cunningham, shadow foreign secretary, described Mr Hurd's "hint that humanitarian aid might be stopped" as a "grotesque error" of judgment. Mr David Clark, shadow defence secretary, said he did not believe the signal was particularly helpful. "British troops should stay in Bosnia as long as their mission is attainable," he said.

Mr Hurd's remarks follow a warning this week from Lord Owen, peace envoy in the former Yugoslavia, that the world community would have to decide how long it could sustain intervention in Bosnia.

Lord Owen told the Confederation of British Industry in Harrogate there was a danger that intervening in civil wars only worsened the situation. "There will come a moment when the world community will have to decide how long we can sustain intervention."

Whitehall officials yesterday played down suggestions that Britain might withdraw in the short term, but warned that the UK may seriously consider pulling out if the fighting continues into next spring.

Leak from Dublin spells out half the story

Tim Coone examines the painstakingly crafted wording intended to lead to a settlement in Ulster

THE LEAKED document published by the Irish Press in Dublin yesterday, which sets out the Irish government's view on a possible peace settlement in Northern Ireland, is a draft counterpart to an earlier, equivalent British government paper which remains secret.

Both papers were prepared after talks between civil servants from both governments over the past two months.

Final drafts from both sides are expected to provide the basis for a statement from the British and Irish prime ministers, tentatively scheduled for early December. This would provide a blueprint for a peace settlement in Northern Ireland and a basis for resuming round-table political talks in the province.

The document is not a final draft, and has not been politically cleared at the top level. Indeed Mr Albert Reynolds, the Irish prime minister, yesterday said it had no connection with the peace process. Nonetheless the document is the clearest indication yet of what is seen in Dublin as a basis for a political settlement.

It also indicates the concessions Dublin is seeking from the British government in return for dropping its territorial claim to the province.

Its main points are:

● Both governments must "be open to change" in their "constitutional doctrines" relating to Ulster to reflect more accurately the divided loyalties there, and would be required to "encourage the process of agreement among all the people who inhabit the island".

● Both governments would recognise "the legitimacy of the two major traditions that exist in Ireland – those who wish for no change in the present status of Northern Ireland, and those who wish for a sovereign united Ireland achieved by peaceful means and by agreement".

● A downgrading of Ireland's constitutional claim to Northern Ireland – to an aspiration – would be balanced by Britain acknowledging "the full legitimacy and value of the goal of Irish unity by agreement, cherished by the greater number of people living in Ireland".

● "Objective meaningful expression and opportunity" to the aspiration of unification would be created through new Anglo-Irish structures and by incorporation of special provisions into any new devolved government structures in Northern Ireland.

● A new devolved administration in the province "would assume executive and legislative responsibilities over a wide range of subjects [but] must secure widespread acceptance throughout both communities".

● New north-south institutions mandated by both parliaments "to discharge or oversee a range of executive functions" to be "administered uniformly throughout the island". These functions could be expanded by agreement with the new devolved administration.

These institutions would provide the framework for north-south co-operation, especially "for developing an integrated approach for the whole island in respect of the challenges and opportunities of the EC". They would be subject to parliamentary scrutiny, "including any new inter-parliamentary forum which may be set up by agreement between elected representatives north and south".

● A standing UK-Irish conference would "guarantee and monitor" a new agreement, and would have "contingency powers of intervention and redress" in the event that devolved power structures in the province failed to abide by their obligations.

● Majority consent in Northern Ireland to any change in its status would be constitutionally guaranteed by the republic in a new agreement.

● The majority in Northern Ireland are fully recognised to have a right "to withhold consent for any such change unless and until they are persuaded by democratic political means only, free from coercion and violence".

● Negotiations on a political settlement would be only between those "committed exclusively to constitutional methods and not with organisations who use, threaten or support violence for political ends".

● Organisations which have "demonstrably expressed their commitment to the democratic process by renouncing violence" would be entitled to a role in negotiations.

● Any new agreement would require endorsement by "the people" – an oblique reference to an all-Ireland referendum.

It is thought the document has elements of the peace plans formulated by Mr John Hume, Social Democratic and Labour party leader, and Mr Gerry Adams, Sinn Féin leader.

THE GOVERNMENT is taking seriously the possibility that Sinn Féin's recent peace initiative with Mr John Hume of the Social Democratic and Labour party may represent a sea-change in the thinking of the IRA leadership, Philip Stephens writes.

Intelligence reports seen by Mr John Major have supported the view expressed by Mr Hume that Mr Gerry Adams, the Sinn Féin leader, may be ready to call a halt to the violence.

That in turn has raised cautious hopes that the IRA's traditional Christmas ceasefire might offer an opportunity for a more durable cessation of violence.

In spite of high-level denials of any official contacts with Sinn Féin, it is acknowledged in Whitehall that the British security services maintain close contacts with members of the party.

Their reports suggest that, in spite of the military and political strength of the nationalists, the present generation of IRA leaders is seeking an alternative to the terrorist campaign.

Mr Adams' peace overtures are said to have had the support of the movement's military leaders. Explanations for the apparent change of heart vary, but the most common is that Mr Adams and his colleagues simply do not want the next generation of Sinn Féin activists to have no future beyond violence. They have been dismayed by the lack of support from Washington for the republican movement and hit by a succession of arms cache discoveries in the republic.

The reports, supported by the contacts of experienced local politicians in the province, offer a partial explanation of Mr Major's public offers this week of a place at the negotiating table for Sinn Féin if it renounced violence.

But officials stressed that doubts remain over whether Mr Adams could prevent a breakaway movement of hard-line IRA terrorists.

Pleas of guilty avoid complex trial after SFO's most demanding investigation

Judge suspends Ramsden sentence

By John Mason, Law Courts Correspondent

MR TERRY RAMSDEN, former chairman of Glen International and acknowledged "king" of the Japanese warrants market, yesterday pleaded guilty to four charges of fraud at the Old Bailey.

His plea marks the end of most complex prosecution yet brought by the Serious Fraud Office, and avoids a trial most lawyers predicted would be particularly complicated and arduous.

After what the SFO called "constructive discussions" with him, Mr Ramsden admitted four counts of making reckless or false statements to induce investments. He was sentenced to two years imprisonment, suspended for two years.

The complexity of Mr Ramsden's multi-million pound trading in Japanese warrants (long-term options on stocks) and his "back of an envelope" accounting methods had made the case the SFO's most demanding investigation.

Lawyers for the SFO yesterday responded to public criticism of the office by claiming Mr Ramsden's plea demonstrated the effectiveness of its operations. The case had been seen by some as unprosecutable, they said. Mr Jeremy Roberts QC, for the SFO, told the court that Mr Ramsden had a "meteoric" rise in the City through the success of Glen International. However his fall, when the company collapsed in September 1987 owing £100m, was even more meteoric.

Between the end of May 1987 and July that year, he had persuaded banks and securities houses to invest many millions of pounds in his warrant trading "funding circles" which involved a risky and complicated series of transactions. At the time, he knew there was a substantial risk Glen International could not meet its obligations, said Mr Roberts.

Mr Ramsden's problems stemmed from his taking money out of Glen International to finance other activities such as buying racehorses, Mr Roberts said. By taking money out of the profitable parts of his business, he left himself exposed to the large losses he sustained on the volatile warrants market.

His problems became serious when he defaulted on an agreement to buy warrants from Nikko Securities which then stopped acting as a partner in his funding circle. He was then forced to look for other investors.

Among the new investors he found were the National Commercial Bank of Saudi Arabia and the Japanese securities houses Cosmo Securities and Taiheiyo Europe.

He raised a total of £90m from these institutions knowing his company might have problems eventually buying the warrants from them as he had agreed.

Mr Ramsden had not set out to defraud his creditors, but was guilty of criminal recklessness, Mr Roberts said.

"The prosecution say it was quite wrong to obtain new funds without a full and frank disclosure of the mess that Glen International was in," he said.

Passing sentence, Judge Pownall QC said Mr Ramsden had built up an honest and phenomenally successful business of which he could be proud.

"It is all the more sad that by your plea you have had to admit recklessness," he said.

Explaining his decision to suspend the four concurrent two-year jail sentences, the judge said the offences to which Mr Ramsden had admitted would normally result in immediate prison sentences.

However, Mr Ramsden had tried to repay creditors before being declared bankrupt owing £25m. He had also had to endure almost six months imprisonment in the "quite appalling" conditions of Terminal Island jail in Los Angeles.

Mr Anthony Arlidge QC, for Mr Ramsden, had earlier said the jail had a threatening and violent atmosphere with dangerous gangs operating inside it.

Mr Ramsden, the son of a postman, left school at 16 and began working in the settlements and clearing areas of the Stock Exchange before starting to trade the foreign stocks, particularly Japanese ones, upon which his reputation grew.

At the height of his success, Mr Ramsden was noted for his lifestyle of conspicuous consumption. The owner of some 80 race horses, he was also billed by the racing press as "the biggest punter in the history of the turf". In 1985 alone, his gambling losses were said to total £26m.

Yesterday he left the Old Bailey saying: "I have had a very difficult time in my life. I am glad it is all over."

Press Association

Terry Ramsden outside the Old Bailey yesterday

Prison officers to challenge dispute ruling

By Richard Donkin, Labour Staff

PRISON officers yesterday decided to challenge Thursday's High Court judgment that they had no right to take industrial action.

The challenge comes as the Prison Officers' Association faces removal from the government's list of trade unions.

The association yesterday wrote to its members telling them to comply with the court's instruction to call off three days of industrial action planned for next week.

Mr John Bartell, its chairman, said the association planned legal action to overturn the court ruling. "We will go to trial over this issue. The court decision will lead to more chaos and disruption in the prison service than our industrial action would ever have done."

The Trades Union Congress said it was seeking an urgent meeting with leaders of the 30,000-member association, whose leaders said they intended to "step back and let the government sort out the chaos".

The government stressed it had not intended to remove union rights from prison officers. The Home Office said: "Matters could not be left as they are. We want to move quickly to restore their rights under employment laws."

The judgment may raise human rights questions for the government, which has already been forced to reconsider its stance on union membership at GCHQ.

The association had planned not to accept prisoners brought by the police or Group 4, the private security company, from Monday, in a protest over privatisation and prison overcrowding.

Mr Justice May, in granting the injunction, accepted the government's arguments that because prison officers hold the office of constables they are not protected under employment law if they take industrial action that breaches their contracts.

Mr Michael Howard, home secretary, said many questions needed to be resolved to put industrial relations in the prison service, including relations with the association, on a proper footing. There was a need to extend to prison officers "the appropriate elements of employment protection legislation which they do not currently enjoy, including access to industrial tribunals; and to provide arrangements by which prison officers' remuneration can be settled".

Howard yields on Sunday trading

By Neil Buckley

THE GOVERNMENT yesterday moved to rescue its Sunday Trading bill by bowing to pressure to extend employee protection against being forced to work on Sundays.

The extension of protection to future shopworkers, as well as those already in employment, was a significant climbdown – Mr Michael Howard, home secretary, had repeatedly refused campaign groups' demands for protection to be extended.

It also increases the chance that confusion surrounding Sunday opening in England and Wales will be resolved this year. Mr Peter Lloyd, home office minister, said MPs would be given a free vote "well before Christmas" on the bill's three options for reform.

Campaign groups and MPs had warned that the government's previous stance on worker protection threatened to derail the bill by ensuring that none of the options would attract enough support from MPs to gain an overall majority.

"It became clear that for a great many people an essential ingredient of an acceptable and satisfactory resolution of this matter involved a degree of protection not just for existing workers but for future workers," Mr Lloyd said.

The bill prohibits shopworkers in England and Wales from being dismissed or unfairly treated – for example by refusal of training or promotion – for refusing to work on Sundays. It also extends protection from shopfloor workers to "all workers in or about a shop".

The government's move came two days after the decision by the Keep Sunday Special Campaign and Retailers for Shops Act Reform – which support strict regulation of Sunday trading – to combine their two options into one.

But it may benefit the two de-regulation options the most. Many Labour and backbench Conservative MPs are thought to have been swayed by constituents' support for Sunday opening and working, but were not prepared to vote for de-regulation without future worker protection.

Campaign groups welcomed the decision, but the KSSC said it would continue its campaign for statutory double-time payments for Sunday working. Usdaw, the shopworkers' union, which recently switched allegiance from KSSC to the Shopping Hours Reform Council, which supports partial de-regulation, is also pressing for double-time pay.

Mr Lloyd warned that the government would "certainly whip against" any amendment proposing premium payments, which it believed would discriminate unfairly against small shops.

The date tipped for the bill's second reading, when MPs will vote on the principle of reforming the 1950 Shops Act, is November 29, with the options vote expected on December 8 or 13.

The options, in the order they appear in the bill, are:

- Total deregulation.
- Strict regulation, prohibiting large shops from opening except four Sundays before Christmas, but allowing DIY and garden centres and some small shops to open.
- Partial de-regulation, allowing small shops to open at will, but restricting large shops to six hours.

Amec deal averts Tyneside strike

A COMPROMISE deal between Amec Offshore and officials of the GMBU general union and the AEEU engineers and electricians union yesterday averted an indefinite all-out strike at the Tyneside offshore fabrication company, Chris Tighe writes.

The threatened strike by the 900 manual workers was over company plans to make the night shift work seven hours a week longer without extra pay.

An overtime ban has also been called off. Under the compromise the night shift will work an extra four hours. All employees will receive a one-off compensation payment and night-shift workers will receive extra payments until June.

Attack on NHS bureaucracy

TOO MANY managers' jobs have been created under the government's health service reforms, Mr Ivan Lester, retiring chairman of Harrogate Health Care Trust, said yesterday.

He told BBC Radio: "We have put extra layers of bureaucracy, of management, in and we actually don't know if we are getting any more health care out of this so-called market."

Sir Duncan Nichol, health service chief executive said: "I believe we should not be talking about the bureaucratic overhead here, we should be talking about the benefits that management have brought to the health service."

Shipyard wins Nato contract

A & P Appledore's shipyard at Falmouth, Cornwall, has won the contract to refit Nato's research vessel Alliance, which is used to detect and track submarines.

The Italian-based vessel is to get new acoustic and oceanographic equipment, including an advanced undersea mapping system. It is the only craft jointly owned by all 16 Nato members.

Ford pay deal

WORKERS at Ford have voted overwhelmingly to accept the company's offer of a 2.5 per cent rise this year followed by 3.5 per cent next. Only the Dagenham assembly plant voted against.

Bank action vote

STAFF AT the Moscow Narodny Bank are to be balloted on strike action by the finance union, Bifu, which has rejected a pay freeze.

Opera contest

AN INTERNATIONAL design competition has been launched for the proposed £43m opera house at Cardiff Bay to stage productions by Welsh National Opera.

The fat worker and other tales of union life

David Goodhart laments the loss after 142 years of the AEEU craft union's shopfloor vignettes

WILL THE 20 assemblers win equal pay with the seven people in the wire tag section who earn 90p an hour more at Potterton the boiler-makers? Will the workers at the Morris Singer Foundry in Basingstoke continue to resist compulsory redundancies by working short time instead?

Alas, we may never know the outcome of these everyday tales of shopfloor negotiations in British manufacturing. For the monthly business reports of the regional officials of the AEEU craft union, where they are painstakingly recorded, have been published for the last time.

Since 1851 the reports have been a barometer of the shopfloor mood, capturing in a few short sentences the officials' six or seven most important meetings of the month with employers, members and shop stewards.

The reports, which appear under unflattering passport pictures of the 30 officials, now bear a strong whiff of the 1950s but the issues that arise most often – regrading, differential disputes, selection for redundancy – are still the bread and butter of manufacturing labour relations.

The following report from Mr Dave Gough, north-west, about Ford, is typical: "Met senior management and shop stewards concerned about company intention to temporarily transfer eight craftsmen to production line without agreement. Although no loss of pay, members are worried about loss of status and the creation of a precedent for the future."

The tone is not always belligerent. Mr Denis O'Flynn of the AEEU Foundry Division writes about TRW Valves of Wednesbury: "The company would not be moved from its intended action of curtailing the role of the convenor. A tour around the factory proved to be both interesting and educational. My thanks to the management for the opportunity to see some innovatory ideas in action."

But organised labour is not always a push-over, as Mr John Hodgkins from the South West reports about Aerostructures in Hamble. "The management insisted on going ahead with three dismissals. Arrangements were made for a mass meeting with a recommendation for a ballot for strike action. The management found alternative work for our members before the meeting took place."

Mr Alistair Hatchett of Incomes Data Services, the pay analysts, regrets the passing of the reports. "They are an irreplaceable primary source for what is actually happening in manufacturing and a far better guide than all the academic research which says that British industrial relations is totally transformed," he says.

The reports have been useful for spotting manufacturing-wide trends. The last issue, for example, shows a cautious increase in pay militancy with about 10 bargaining groups deciding to reject "final" pay offers from companies and opting for strike ballots. That is a markedly higher number than in previous months.

Also, big companies which claim entirely to have decentralised pay bargaining to individual plants, but still operate *de facto* central control, can be caught out by a flick through the regional reports which show the same offer being made everywhere.

There are plenty of industrial curiosities in the last issue. Such as the man at NEI Clark Chapman who was suspended for being overweight, or the dispute at Valor Heating when workers had part of their pay docked when work was disrupted by a bomb scare.

The reports, like the union, are old-fashioned but rooted in the labour movement's 19th century traditions of democracy and accountability. "The trouble is they no longer fit," says one AEEU official as the union replaces the monthly journal with a slick new quarterly magazine sent to every member. But this will be a poor substitute for keen students of labour relations in British manufacturing.

Reuter

A Customs officer inspects a haul of 200kg of heroin – believed to be the biggest seized in the UK. The drug was found in a lorry which was examined by police at a motorway service area on the M1 yesterday. Customs said later that a man had been charged with illegally importing heroin

British Coal adds fifth pit to proposed closures

By Michael Smith

BRITISH COAL wants to shut its Silverdale pit in Staffordshire, taking to five the number of collieries where closure has been proposed.

Littleton in Staffordshire may become the sixth on Monday when management meets union leaders at the pit.

Production at Silverdale will end on December 3 if miners decide not to fight the closure. British Coal told local union leaders the pit had lost £5.7m in the past six months.

Financial and market pressures had forced the closure proposal, it said.

British Coal, which operates 30 pits including the five named for closure, said it will make every effort to transfer miners to other pits but admitted there would only be "limited opportunities".

Silverdale was one of 12 pits reprieved in a white paper in March and has been "market tested" in recent months to try to find new sales.

The pit was sunk more than 100 years ago as an iron ore mine before coal reserves were discovered. It produces about 1m tonnes of coal a year and is one of the last remaining collieries linked to a pit village.

The announcement came as miners in Calverton, Nottinghamshire, worked their final shift after voting to accept closure.

- British Coal and the National Rivers Authority, the river pollution watchdog, have agreed a framework for dealing with the ending of water pumping at pits that face closure and the consequent threat of minewater pollution, Chris Tighe writes.

The authority said yesterday that under a new memorandum of understanding signed this week it will be fully informed by British Coal before any pumping operations cease and given the data needed to predict future consequences. The agreement between the two bodies covers all future pit closures in England and Wales.

Mr Malcolm Colley, technical manager for the authority in its Northumbria and Yorkshire region, said the agreement could mean that should a pit close very suddenly, British Coal would have to continue pumping for some time afterwards. This would ensure a phased withdrawal and allow time for action to prevent minewater contaminated with metals from polluting streams and rivers.

Anxiety over the threat of minewater pollution has been sparked by the rapid recent closure of collieries. The authority had expressed concern that it was not always informed in advance by British Coal when pumping was to cease, and had warned it would consider legal action should the environment be at risk.

Lloyd's agents pessimistic about Merrett Group's survival

By Richard Lapper

LLOYD'S agents were pessimistic yesterday about the survival prospects of the Merrett Group, which owns one of the largest managing agents at the insurance market and administers two of its biggest syndicates.

Merrett was hit this week by the withdrawal of a US plan which would have compensated for a sharp fall in the number of Names – the individuals whose assets support Lloyd's – prepared to back the agency's syndicates.

Efforts to drum up support from members' agents, which allocate Names to syndicates, appear to have been unsuccessful. One members' agent said that Merrett's biggest syndicate, number 418, needed a minimum of £50m of capacity (capital supporting underwriting) from Names to survive. But by yesterday morning only between £32m and £33m had been secured. "I don't think it will fly," said the agent. "I just can't sell the syndicate to Names."

Without more support it appears that the syndicate will not be big enough to accept a "reinsurance to close" – an arrangement used by Lloyd's syndicates through which outstanding liabilities are transferred from one year of account to the next.

If this occurred, 418 would be forced to stop accepting new business in 1994 and would be likely to leave the accounts of its 1991, 1992, and 1993 years "open" – because of uncertainty about the scale of future claims.

The same fate could also be in store for syndicate 1067, which has also suffered a decline in backing from agents.

This is a crisis for the Merrett Group that would have seemed inconceivable in 1988 when 418 had 7,587 Names, a capacity of £285m – and was regarded as a flagship for the Lloyd's market. Traditionally specialising in marine insurance and areas such as war risks, Mr Stephen Merrett, underwriter and chairman of the group, had spearheaded diversification into one of the most rapidly growing areas of the international market – US legal liabilities ranging from pollution and workers' compensation to the professional indemnity risks of accountants and company directors.

The syndicate became an important market for US brokers such as Marsh & McLennan, leading giant coverages for US corporate buyers.

In the US Mr Merrett won a reputation as a leading international specialist on issues such as environmental liability. At Lloyd's, although he was never a popular figure, Mr Merrett won a reputation as a tough and knowledgeable underwriter.

Earlier this year Mr Merrett became deputy chairman of the market, but his reputation had already been damaged as the scale of losses suffered by 418 in 1985 on a series of large US reinsurance contracts became clear.

In one of the biggest legal actions at the market, 2,000 Names are claiming about £350m in actions against their agents and Mr Merrett.

The management of the Merrett agency has also come under fire because of delays in the reporting of 418's 1990 losses – which amount to about £67.3m compared with capacity of £213.5m.

Bad publicity, much of it stemming from the legal action, has made matters worse. In August, following intense pressure from senior figures at Lloyd's, Mr Merrett resigned as deputy chairman.

Agents are playing down the potential impact on the market as a whole. They are confident, for example, that other Lloyd's agencies will take over administration of the three remaining syndicates and say much of the business now led by 418 and 1067 could be picked up by rival syndicates at Lloyd's. Following the successful attraction of corporate investors, many syndicates are now relatively flush with capital for the first time for three years.

"I know it can't do the market any good to lose the name of Merrett," said one members' agent. "But brokers will simply place the business elsewhere."

Several thousand Names would pick up the bill for "running off" the syndicates (paying and administering claims on existing policies). Here too, though, agents are optimistic that the extra costs would be limited. Both 418 and 1067 are currently expected to make profits in 1991 and 1992, and agents suggest that the Lloyd's Corporation – which regulates and administers the market – may conduct the "run-off" of 418 and 1067's "open years" between 1990 and 1993.

The biggest loser would be the Merrett Group itself. The loss of income from its two biggest syndicates would stretch the resources of the agency and raise questions about its capacity to manage its three other syndicates – 179, 332 and 1184 – as well as about the future of the group as a whole.

As for Mr Merrett, the affair completes a disastrous year. Earlier this week Mr Bob Clements, the president of Marsh & McLennan Companies, and one of the most influential figures in the US insurance industry, offered a vote of confidence, when he described much recent criticism of Mr Merrett as "personalised" and "without regard to fundamentals".

It is evidently a view that many Names and some of their agents do not share. "Like Thatcher or Gorbachev, Mr Merrett is lauded overseas but not in his country of origin," said one agent.

THE PROBLEMS of the Merrett Group were intensified yesterday by the resignation of three senior executives.

Mr Dennis Purkiss, group chief executive, is to take a prominent position with a leading UK company. Mr Ken Barrett, the underwriter of syndicates 1066, 67 and 68 – which Merrett had intended to merge into syndicate 1067 next year – and Mr Stewart Laderman, the underwriter of 418's non-marine division, have also accepted positions outside the group "where they perceive to be better able to sustain their personal underwriting aspirations".

Mr Stephen Merrett, chairman, said in a briefing note to staff that discussions were "in progress to determine the future arrangements in covering their various responsibilities".

Mr Barrett became active underwriter of 1067 in July this year after the resignation of Mr Stephen Burnhope.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday November 20 1993

Climbing out of the hole

THE BRITISH government is in better shape at the start of the new parliamentary season than it was at the conclusion of the old. The Conservative party appears to be in a less fractious mood now that the Maastricht treaty is behind it. Tories should be able to unite behind the items outlined in the Queen's speech on Thursday. The prime minister, who at the end of the summer was left hanging by his fingernails over a chasm, has begun a long climb towards safer ground. His bold initiative on Northern Ireland might just restore his reputation, at least as a skilled negotiator.

Meanwhile the economic recovery is leading its political counterpart, at about the optimum pace. The rate of return to growth is sufficient to provide hope, but not too rapid to constitute overheating. This should best suit the government as it prepares for Budget day on Tuesday week.

Encouraging

It must have been hoping for signs of increased activity encouraging enough to allow the chancellor to raise taxes without appearing to risk choking off recovery, and yet not so strong that an offsetting interest rate cut is ruled out.

To judge by the past week, things are turning out just right – the economy is indeed growing, but only modestly. Output rose by 0.6 per cent in the third quarter and at an annual rate of 1.9 per cent. Broad money growth accelerated in October.

An unexpectedly large seasonally adjusted 49,000 fall in unemployment last month brings the total decrease this year to 137,000. A batch of encouraging, if statistically unreliable, trade figures suggested this week that the government may be getting the kind of export-led recovery that Britain needs. The overall trade deficit in August fell to its lowest monthly total for 6½ years. More reliable was yesterday's news that the deficit with countries outside the European Union fell to £293m in October from £921m in September, while the value of exports rose by 8.8 per cent.

Yet the improvement in the balance of trade is partly the result, of low retail demand. The value of imports from non-EC countries fell 3.5 per cent, while total retail sales volumes rose in October by a mere 0.1 per cent to stand 3.2 per cent higher than a year ago. This is the lowest year-on-year rate of growth for five months. Price competition is intense. The fall in unemployment disguises a still rather depressed labour market with employment growth effectively flat while wage inflation is low and falling. Meanwhile the retail prices index fell 0.1 per cent in October, cutting the annual rate of inflation to 1.4 per cent. In short, Mr Major has a sufficiently modest recovery to justify a further interest rate cut. Whether he will get the kind of accelerating recovery he needs over the coming two years remains in doubt, given the fact that still indebted consumers will be facing a rising tax burden between now and the next election, while the ability of UK exporters to grab market share as growth in Europe revives is, as yet, untested.

On the political front his new slogan, "back to basics", remains very much under test. Conservative party workers and, perhaps, backbench MPs have shown signs of rallying round, but the broader electorate remains sceptical. Insofar as "back to basics" means anything, its application to the legislation announced in the Queen's speech is questionable. A harsher law-and-order regime is, at best, an incomplete answer to the challenge of rising crime. A new quango for teacher training is an inadequate response to the challenge laid down on Monday by Sir Claus Moser's freelance national commission on education, which argued forcefully that the development of knowledge-based industries requires an intensified educational programme.

The rest of the Queen's speech is a rag-bag, containing proposals chosen for their acceptability by potential Tory rebels. What is left of the coal industry is to be privatised, but the government has declined to apply the same principle to London's buses.

It is leaving Sunday trading to a free vote – which, it must be hoped, comes down in favour of maximum deregulation – and dodging the promise of a new environmental agency by passing a "paving" bill, allowing officials to prepare the way. The umpteenth local government bills since 1979 will restructure councils in Wales and Scotland.

Verified

If the overall programme is uninspiring, Mr Major's courageous assumption of personal responsibility for Northern Ireland this week is wholly to his credit. In spite of his administration's occasional dependence on Unionist votes he has put the more recalcitrant of them on notice that if they decline to take part in peace talks they will be left out. He has offered Sinn Fein a place at the table in return for a verified end to IRA violence. He is working, with Dublin, towards an overall political settlement. If the Ulster parties fail to agree on new structures, he intimated on Thursday, he will produce proposals of his own. History suggests that the odds are against success, but the prime minister is right to try.

Will the UK government risk a pensions crisis by raiding occupational schemes in the Budget, asks **John Plender**

Beady eye on their nest egg

As the chancellor, Mr Kenneth Clarke, struggles with the final preparations for his first Budget, there is growing speculation that he will resort to a well-tried soft option on November 30: milking the pension funds. Yet the wider costs of following his predecessors, Lord Lawson and Mr Norman Lamont, down this tempting road are worrying, because Britain's pension funds are heading for a financing crisis.

For once, the powerful pensions lobby, bending politicians' ears before the Budget, may have a point. Another raid on the occupational pension schemes' £350bn nest egg might be the last straw for many companies that are finding final pay-related pension liabilities increasingly onerous.

The incipient funding crisis in pensions is not just a British concern but affects public and private sectors in most developed countries. It stems from the demographic strains that arise from an ageing population and the impact of disinflation on government finances and on the value of pension fund assets and liabilities.

Smaller working populations are having to meet the cost of sustaining larger retired populations. And in the public sector these costs are harder to meet without the help of high rates of inflation, which until recently provided a prop to government revenues.

In Britain the demographic pressure is less than in most of the OECD area. The problems of disinflation, though real in other areas of public spending, have largely been defused in the state pension scheme by a decision in the early 1980s to stop uprating the basic state pension in line with earnings. It is now uprated in line with prices, which rise more slowly. But the private sector has not had the benefit of any comparable change in the rules to off-set the damage to its finances from falling inflation. Rather, the rules have been made tougher.

In the 1970s and 1980s, private occupational pension schemes promised to pay pensions worth up to two-thirds of final pay. Yet in practice only a minority – those who stayed with the same employer for most of their career – received what they thought they had been promised. The system depended on an elaborate web of implicit cross-subsidies. It was easy to give high retirement incomes to long-stayers because occupational schemes were delivering pensions that were falling in real terms, while the deferred pension liabilities of employees who were made redundant, or who left voluntarily, were shrinking fast thanks to inflation.

For much of the 1980s the cost of meeting pension liabilities was further reduced by exceptionally high investment returns. Employers took contribution holidays as the surpluses of assets over liabilities mounted.

This picture has now changed markedly. In response to widespread disillusionment over inequitable cross-subsidies, the government introduced regulations between 1986 and 1990 that required pension schemes to increase deferred pension rights and pensions being paid in line with inflation, up to a maximum of 5 per cent. With the latest recorded year-on-year increase in retail price inflation at 2.8 per cent, a 25-year low, the cross-subsidies have clearly been wiped out. It follows that companies have to pay more to meet a given pension promise.

The government has also made a number of cuts in the tax privileges enjoyed by pension funds. Lord Lawson, who refers disparagingly in his memoirs to "the middle-class welfare state", tried but failed to remove the anomalous tax relief on lump sum payments on retirement because of pressure from the pensions lobby. He responded to this rebuff by seeking to tax pension funds by the back door, starting, in 1986, by imposing a statutory limit on the size of temporarily bloated pension fund surpluses.

This delighted company finance directors by encouraging them to claw back pension fund surpluses into profits through pension fund holidays. But the result is that pension fund finances have been greatly weakened. Actuarial surpluses have been run down, just as dividend income has come under pressure and the inflation subsidy has disappeared.

Lawson's move also reduced the incentive for companies to run occupational pension schemes since it made them a less attractive tax shelter. The scope for smoothing profits and tax liabilities has been reduced. And subsequent tax changes, such as the cap imposed in 1989 on the amount of pension that qualifies for tax relief and the reduction of the tax credit on dividends, have increased the distortions in the system for taxing savings.

One final problem for companies is that a majority of pension funds are now mature, in the sense that they are paying out most of the income from contributions and dividends in the form of pensions. As Penny Webster, a partner in consulting actuaries Bacon & Woodrow points out, most actuaries feel obliged to advise pension fund trustees to adopt a lower risk approach to investment, which is heralding a shift from equities towards gilts and thus lower investment returns. This is to ensure greater protection for benefits that no longer enjoy the cushion of a big surplus of cash flow over outgoings.

In Britain, actuarial practice does not lead to disinflationary scare stories of the kind that afflict the General Motors pension fund in the US, where each one percentage point fall in bond yields has added \$5bn-\$6bn to pension liabilities. But some actuaries claim that there is now a shift towards more pessimistic valuation assumptions. And there is controversy over whether the trend would be more pronounced if the government introduces new minimum solvency requirements in response to the Goode committee report on pension law reform.

While actuarial assumptions cannot affect the ultimate cost of pensions, they do affect corporate cash flow in the short and medium term. Knowing that a prudent increase in contributions today may be compensated for by lower contributions later is no consolation to employers now emerging from recession.

The result is that few, if any, defined benefit (final pay-related) pension schemes are being set up. Company finance directors are, says consulting actuary Mr Bryn Davies, "addicted" to pension fund holidays and reluctant to contemplate pumping company cash back into pension funds.

It is at this point that Mr Clarke makes his Budget debut. It seems unlikely that his chief interest will lie in enhancing the coherence of the pension system or injecting logic into the ramshackle arrangements for the taxation of savings. His priorities will be financial; and there are many who want to help him effect a swift and sizeable transfer of cash from the pension funds to the exchequer.

Former economic secretary to the Treasury, Mr John Maples, suggests removing tax relief on pension contributions while making pension payments exempt from tax. This would be worth £7bn a year to the exchequer on the basis of a 25 per cent tax charge. Alternatively, Mr Clarke could further restrict the tax credit on dividends received by pension funds. Or he could remove the upper rate tax relief on contributions. Or, again, he could remove the lump sum relief on retirement.

The Maples proposal is more complex than it appears, because of the inter-relationship between private occupational pension schemes and the state earnings-related pension scheme (Serps). Changing the tax arrangements for private sector schemes would involve making changes to Serps, part of whose cost is met by the private system via guaranteed minimum pensions.

The administrative problems of such a change for the private sector alone would be considerable. Employers would have to run parallel systems for existing and for new employees. Given that some beneficiaries will live into their nineties, this absurdity could last for 70-odd years. Since funds for existing pension scheme members would have to be closed, an actuarial valuation would need to be carried out on a so-called discontinuance basis, which is more cautious than a long-term valuation for an ongoing fund. This would almost certainly lead to a requirement for increased contributions from companies. Other tax changes might also add to the disincentives for employers to continue with final pay-related pension schemes.

The disturbing point is that the government is undermining the incentives for private pension provision via companies just when the move to price uprating in the state system is ensuring that the state's pension safety net in the 21st century will be wholly inadequate. The alternative favoured more by right-wing ministers – personal pensions – cannot provide an adequate alternative because the cost of personal pensions is prohibitive for the lower paid.

If the government continues to run down the state system, while companies become increasingly disillusioned with final pay schemes, the least bad option may be one advocated by the social security select committee chairman, Labour's Mr Frank Field – company-run defined contribution (money purchase) schemes, where the investment risk falls entirely on the pension scheme member. But with tax incentives dwindling, no shortage of labour and constant pressure in capital markets for enhanced profits, employers may not bother.

PLANNING TO COUNTER THE BUDGET CRUNCH

Financial advisers have in recent weeks noticed a strong surge in interest in pension planning ahead of the Budget in 11 days. But they are urging caution against hasty action, writes Andrew Jack.

If Mr Kenneth Clarke, the chancellor, announces immediate changes to tax relief on pensions, it may be worthwhile to accelerate pension contributions before the changes come into effect – which could be from December 1, the day after the Budget.

Topping up pensions could help if Mr Clarke reduces tax relief on pension contributions, which is currently available at the higher rate up to certain limits.

If this option were adopted – in line with declining limits on other concessions, such as tax relief on mortgage interest – it could be worthwhile to accelerate pension payments before the Budget. But this would be most beneficial only if any changes were effective immediately.

The risk is that the chancellor could also increase the upper rate of income tax. Anyone liable for tax at the higher rate who had made accelerated pension payments would then be unable to take advantage of relief at the higher level. However, there is a danger that any hasty action to start or change a pension plan could trigger administrative costs and might lock people into an undesirable option.

MAN IN THE NEWS: ***F W de Klerk***

Act of faith on history's stage

History draws a fine line between the visionary leader and the dreamer: both have visions, but only one succeeds in making his dreams come true.

Mr F W de Klerk of South Africa may this week have made the fatal mistake which separates the one from the other, when he decided – against all the odds and against the principles which he had so long espoused – to hand over white power and accept majority rule.

It was one of the more extraordinary reversals in the history of nations, which provides few examples of men who abdicate power without being forced to do so. And it was certainly never Mr de Klerk's intention: not when he acted on his initial vision of a peaceful multiracial South Africa, and released Mr Nelson Mandela from prison nearly four years ago; and not when, during the violence and anarchy that have followed, he refused better deals than the one he has now accepted.

The deal he has signed will give him a place in a multiparty government of national unity, and an unenforceable commitment from Mr Nelson Mandela, likely to be the next president, that his views will not be ignored in cabinet. But Mr Mandela let there be no mistake about his intentions: he will try to obtain Mr de Klerk's assent for government action; but where he cannot, he will proceed nonetheless. The majority will rule, and the minority will have no constitutional power to stop it. Power will be shared, but only so long as it suits Mr Mandela to share it.

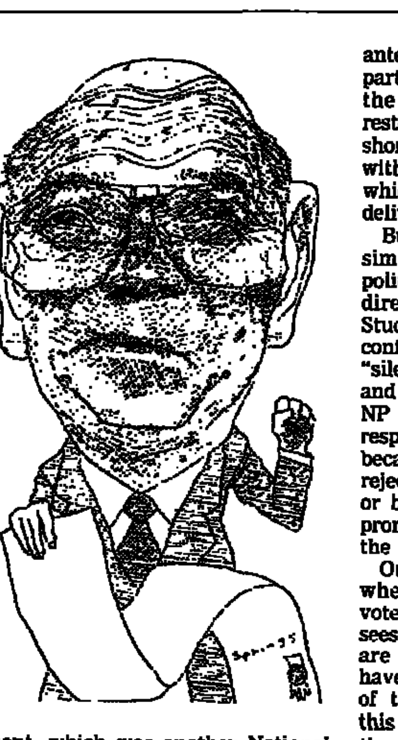
Government spokesman Dave Steward speaks of the "deep underlying symbiotic relationship" which underpins power-sharing; but it is hard to see that happy relationship surviving long under the strains of cohabitation.

Yet Mr de Klerk did not set out to bargain away white power: his supporters did not elect him to do so; those who voted resoundingly for him in last year's white referendum were promised a different outcome.

He set out, ironically, to avoid the fate of the white minority regime in Rhodesia, which waited to negotiate until it had fallen from strength, and was left with an ineffectual 20-seat bloc in a 100-seat national assembly, under black majority rule. The plan was for the South African government – which had never lost a liberation war and had successfully crushed dissent before opening negotiations – to negotiate from strength to guarantee the best future deal for whites.

This was supposed to include entrenched powers for minority parties in cabinet, including what amounted to a veto for Mr de Klerk's National party on important issues; and autonomy for regional governments, to provide a check on central government power. Until recently, the National party was not interested in the argument that conventions of multiracial power-sharing would develop over time; it argued that whites' fear of majority rule would make them reject a constitution which embodied it.

All that has changed: government negotiators insist the constitution lays the basis for a "convention" of power-sharing, and that Mr Mandela has accepted a gentleman's agreement to respect it. But minorities have neither a veto in cabinet, nor any blocking power; they could walk out of cabinet, but this would not bring down the government. Moreover, the constitution fails to entrench powerful regional government, which was another National party demand.



It is a measure of Mr de Klerk's image as a shrewd politician who skilfully fights his corner that many observers assume not that the president has conceded defeat, but that he has a trick up his sleeve which will deliver real power into his hands in the end.

That may yet be true: for Mr de Klerk seems genuinely to believe the ANC cannot – and will not try – to rule without the National party. He is gambling on the fact that his party's power in fact will far exceed that in law. That power, say government negotiators, is based on the party's strength in the civil service and security forces (packed with Afrikaners since 1948), the economic clout of whites, the favour of the international community (which Mr de Klerk sees as his ally) and the votes of the National party electorate.

His negotiators now argue (albeit belatedly) that constitutional guarantees are worth nothing unless the party proves it is indispensable to the country's new rulers: that restoring stability, the ANC's chief short-term goal, cannot be achieved without security force co-operation, which only the National party can deliver.

But Mr de Klerk does not intend simply to play the role of what political analyst Steven Friedman, director of the Centre for Policy Studies, calls "gate keeper to white confidence". Mr de Klerk believes a "silent majority" of black, coloured and Indian voters will flock to the NP from the ANC – whether in response to spiralling violence, or because coloureds and Indians will reject the ANC as an African party, or because other Africans fear the prominence of the Xhosa tribe in the ANC leadership.

Only next year's election will tell whether Mr de Klerk imagines votes where they do not exist, and sees powerful backers where none are present. Recent opinion polls have given the NP 11 to 13 per cent of the national vote, and though this is almost certainly understated, the constitution agreed this week will do little to bolster his white support. Dissent over the constitution could yet split the party, with hardline ministers furious at the deal.

Mr de Klerk's act of faith in his electoral support may pay off. If it does, it will indeed guarantee his party, and the Afrikaner nation which he set out to protect, a more secure long-term future than the minimum entrenched powers available from the ANC. But the risks are enormous. If he is wrong, Mr de Klerk could end up forfeiting all effective minority power, and being branded a traitor by his own people (many of whom already name him so). It would be a tragic irony if the man who had the courage to end apartheid should do no more than exchange one form of racial domination for another, and be forced off the stage of history at what ought to have been his greatest hour.

Patti Waldmeir

to proceed.
In the Ukraine, unable and
Electricité de France,

Different time, different place

Jurek Martin on the contrasts between JFK and WJC

The man at the centre was a gifted professional politician reacting to events he often neither foresaw nor understood, handling some well, others badly, but always ready with a plausible explanation. He was intelligent, detached, curious, candid if not always honest, and he was careless and dangerously disorganised."

He was also in his mid-40s, partly educated in Britain, married, a Democrat and president of the United States. Just about every word quoted above could be applied to the current inhabitant of the White House, Bill Clinton.

Of course, they do not. They are an extract from Richard Reeves's assessment of the character of John Fitzgerald Kennedy. But as the world relives, through written words and television programmes beyond number, what it was doing on November 22 1963, when he was assassinated in Dallas, comparisons between the second- and third-youngest presidents this century cannot be avoided.

Kennedy and Clinton did once meet. On July 24 1963, the 17-year-old from Arkansas, representing a youth group, shook hands with the president on the White House lawn, a moment captured on film for the Kennedy archives and shown to wild applause at last year's Democratic party convention. This was no accident, for the Kennedy mantle is one which every aspiring young Democratic politician has sought to put on.

America had changed much since then, for good (civil rights), for ill (the rising tide of violence), and for even more in between. What Richard Reeves has done, in his riveting *President Kennedy; Profile of Power**, is to provide all the benchmarks that make political comparisons possible. He writes not of JFK's rise, nor of his death, but only about his term in office. The subject of sex is not skimped but nor is it exaggerated.

If additional testimony for this exceptional book were needed, Bill Clinton (henceforth, for stylistic juxtaposition, WJC) devoured it and promptly had the author round to a White House lunch. Their conversation, reported Mr Reeves, was all about then and now. "His identification with Kennedy is quite close," he added.

Style and background apart, similarities and differences leap out of every page. Both relied on those nearest and usually dearest – JFK on his brother, Robert, whom he made attorney-general, WJC on his wife Hillary, an ex-officio member of the government in most things and a policy maker on healthcare. JFK hardly knew most of his first Cabinet, though it contained some illustrious names (McNamara, Dillon, Heller) while the extensive WJC network produced most of his from relative obscurity.

JFK came to office with little interest in domestic affairs. The only such reference in his 1961 inaugural address were the words "at home", inserted at the last moment by a young aide, Harris Wofford (now the senator from Pennsylvania). His principal concern about the civil rights "freedom riders" of his first year was the harm they – and less their repressors – might do to America's image overseas. Early on, he avoided meeting black leaders.

WJC, always at ease in the company of minorities, has the self-defined mission to set America right at home, a theme JFK never really

Rex Features

Kennedy mantle: a teenage Bill Clinton shaking hands with J F Kennedy on the White House lawn in July 1963

picked up until his third State of the Union message, mostly for electoral reasons. Still, his language then was very much a harbinger of what WJC says today.

JFK, who never pretended to be an economist but surrounded himself with Nobel Laureates-in-the-making, believed taxes should be cut. WJC, with at least applied knowledge of the field but no towering intellects on board, has come to a partly different conclusion. JFK muscled big steel into rescinding a price increase. WJC took on big labour over Nafta. Both got important trade legislation passed, though in JFK's days it was the Japanese who were complaining about the US bilateral trade surplus.

Both had indifferent first years in the foreign policy arena. JFK's crosses, mostly self-inflicted, were the Bay of Pigs invasion of Cuba, a disastrous first summit with Khrushchev in Vienna ("worst thing of my life; he savaged me" was his own verdict), and the fateful first steps into the Indochina quagmire. Only avoidance of outright conflict with the Soviet Union over the building of the Berlin Wall was a mitigating factor, but, in 1962, the fear of annihilation by nuclear war was real.

WJC may have inherited Bosnia, Somalia and Haiti, but he has solved none of them and Europe has as many misgivings about him as Harold MacMillan and Charles de Gaulle initially had about JFK. Nor does he have JFK's perennial, but accepted, excuse of the need to fight communism. Perhaps Cuba, with Castro near the end of his reign, will give him a victory, much as it did JFK in the shape of the 1962 missile crisis. WJC can only hope that the irrational Kims of North Korea do not fire off a bomb.

JFK had fewer external constraints than WJC. He could order assassinations which worked (Vietnam's Diem) and did not (Castro), interfere in Africa and tell off President Sukarno of Indonesia when he presented a non-aligned report JFK did not like. The US may be the only remaining superpower, but the CIA's hands are pretty much tied and WJC's inclinations to order foreign leaders around are less evident, poor Mr Kiichi Miyazawa of Japan excepted.

Congress was a blight to both, in spite of nearly identical Democratic majorities. JFK's biggest problem was with conservative southerners, committee chairmen who simply sat on any legislation they did not like, especially on civil rights. WJC has a moveable feast of an opposition depending on the issue, though his first-year record with Congress, especially after this week's Nafta triumph, is much more substantive than JFK's.

In no areas are the differences more marked than in their relationships with the media, even though both knew how to use television and both professed to enjoy the company of journalists. JFK was ruthless. He socialised heavily with the Washington big shots – Krock, Bradlee, Bartlett, Reston. They responded by drawing a veil not only over his sexual affairs but also over his health, which often left him a near-cripple. But he thought nothing of ordering stories to be pulled from the New York Times nor of bugging the media. And inexorably, to quote Richard Reeves, he directed "their attention away from the edges of government to the very centre" – himself.

More than that, TV transmission 30 years ago was neither instant nor ubiquitous. It could take days for bad news to come through from Indochina or Berlin, giving JFK precious time. Today WJC may hear about crises first from CNN. He cannot even get a haircut, let alone go to the doctor or dine out, without it being reported. And if he dared to lean on a newspaper to change a story, or wiretap a reporter's phone, there would be an unholy row. Yet he cannot reverse, much as he might like to, the focus JFK brought to the centre.

Next week the Clintons, an hospitable if serious couple, will hold their first formal state banquet, for the South Korean president Mr Kim Young-sam. By November 1961, Washington was already Camelot, a city where charm, brains and power were the indivisible triumvirate. But it was a different capital of a different country at a different time. Only the political common denominator remains. The two presidents might not want it otherwise.

President Kennedy: Profile of Power by Richard Reeves. Simon & Schuster. $30.

Philip Stephens on the UK prime minister's Ulster initiative

Major's risky crusade

One of the more cruel truths of Northern Ireland is that politics has long favoured the status quo. No matter how vicious the violence, post-war governments on both sides of the Irish Sea have never been threatened by a failure to restore peace.

Instead politicians in London have been mesmerised by the dangers of undercutting the Protestant, unionist majority. Irish leaders have looked over their shoulder at the nationalist aspirations of the Republic. In Belfast, the constitutional parties – Protestant and Roman Catholic – have felt safer with the status quo than with the risks of a new political settlement.

Reuter

Belfast schoolchildren observing a one minute silence, part of mass peace rallies in the province

Mr John Major this week declared it was time to end that depressing paralysis. After weeks of intensive contacts between London and Dublin he put Northern Ireland at the top of his personal agenda.

He is ready to table his own comprehensive proposals for devolved government in Ulster and a re-definition of the relationships between Britain and the Republic, and between north and south.

He made explicit the offer of a place in negotiations for Sinn Féin if the IRA called a permanent halt to their terrorist campaign. He said he was aiming for peace as well as a political settlement. He warned the hard-line Democratic Unionist Party of the Rev Ian Paisley it could not exercise a veto.

Senior British officials said that all sides would have to make uncomfortable compromises. Mr Major, jolted by the terrorist atrocities which began with last month's IRA bombing of Belfast's Protestant Shankill Road, was ready to do so. He is confident of his own skills as a conciliator and negotiator. He is spending more time on Northern Ireland than on any other subject.

Not everyone thinks it is a wise decision. The high-profile approach is described variously in Whitehall as naive and dangerous, as well as courageous. His advisers say he knows it is a high-risk strategy. Old Ulster hands regard that as a understatement.

Mr Major sees the rewards as well as the risks. An end to the killing after 25 bloody years would be the ultimate prize. But even a political deal which fell short of that would do much to restore his authority.

A discernible mood for peace on both sides of the Irish border, however, cannot of itself untie the knot which has wrecked past initiatives. Nor will it erase centuries of mistrust. Mr Major must find the elusive formula which reassures the unionist majority they retain a veto over constitutional change and recognises the nationalist aspirations of the Republic and the Catholic minority in Ulster.

So at the kernel of any agreement there must be a willingness on Dublin's part to modify its constitutional claim to sovereignty, and a recognition by unionists that the Republic has a legitimate interest in the way the north is governed.

None of this is new. Some of these realities are incorporated into the 1985 Anglo-Irish agreement. Mr Garret Fitzgerald, the then Irish prime minister, offered in 1984 to submit to a referendum the offending articles 2 and 3 of the Irish constitution. Lady Thatcher did not believe he could deliver and the idea was abandoned.

Mr Major believes the mood has changed. He trusts Mr Albert Reynolds, his Irish counterpart. British officials say the two have a rapport.

But as a leak of Dublin's draft proposals for a settlement revealed, the price it is demanding for renunciation of the South's territorial claim is still too high for Unionists. Though the words "joint sovereignty" never appear, the idea suffuses the document.

That runs straight into the unionists' determination to preserve the province's present status. Here the pivotal figure is Mr James Molyneaux, the 73-year-old leader of the Ulster Unionists. Mr Major is ready to accept that Mr Paisley's DUP may boycott talks. But the prime minister cannot get anywhere without the support of the nine Ulster Unionist MPs.

Much has been made of the deal struck by the prime minister and Mr Molyneaux to secure the ratification of the Maastricht treaty in the summer. But the foundations of Mr Molyneaux's authority runs much deeper. Mr Major, a self-declared unionist, cannot agree anything without the consent of the Protestant majority. Mr Molyneaux' veto is cast-iron.

So far he has kept his counsel on Mr Major's initiatives. But some suspect he expects the process to founder. Mr Major might then have to accept unionists' agenda for integrating the province more fully into the UK.

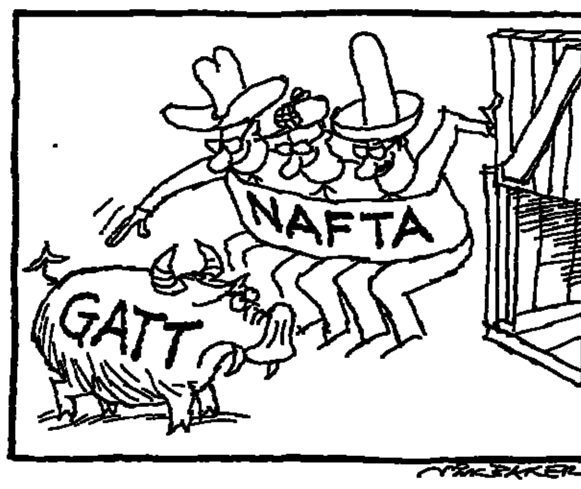
Mr John Hume of the mainly Catholic SDLP has a different sort of veto. His joint initiative with Mr Gerry Adams of Sinn Féin was rejected in both Dublin and London. But to the discomfort of Mr Major, Mr Reynolds has taken on board the idea that peace is an essential ingredient of any political settlement. No Irish government can disown the SDLP

Then there is Sinn Féin. British intelligence reports suggest Mr Adams may be serious about extricating the IRA from violence. But there is no certainty and many risks.

There is unease on the Tory backbenches about "concessions" to terrorists. One minister warned that, if Mr Major leans too far towards Sinn Féin, the resultant split in the Tory party would make Maastricht seem a "tea party".

In the past few weeks London and Dublin have cleared some of the historical debris strewn across the path to peace. But for all his determination Mr Major has no idea yet whether he has set off along another cul de sac.

President Bill Clinton's triumph in getting the North American Free Trade Agreement (Nafta) through the US Congress has reignited optimism in Europe that a Gatt world trade deal is now within grasp.



Fresh dose of political will

David Gardner and **Nancy Dunne** on the countdown to Gatt

Sir Leon Brittan, the European Union's chief trade negotiator, stated cautiously on Thursday: "I hope this will now enable the US administration to contribute fully to the solution of the limited number of substantial problems that still remain," to complete the Uruguay Round by its December 15 deadline.

In Washington, Mr Mickey Kantor, the US trade representative, was confident that the momentum created by Nafta would produce "concrete offers" from Asian leaders at the Asian-Pacific summit in Seattle for the bargaining table in Geneva. He acknowledged that there were several outstanding issues but said there was sufficient time to reach agreement by the deadline. "There will be a Uruguay Round deal," he said.

He dismissed as propaganda the contention of Brussels officials that Washington's near-total redeployment of its crack trade negotiators to deal with Nafta had badly disrupted the impossibly tight Uruguay Round schedule. He knows, however, that there is an unremitting slog ahead, especially to settle differences between the US and the EU. If these two giants do not agree, the Round cannot be concluded.

The meetings between Sir Leon and Mr Kantor on Monday and Tuesday are thus pivotal. "We want a serious, hard, long negotiation," an aide to the EU commissioner stressed.

The signs are that the US is moving fast. This weekend, in Brussels, Mr Joe O'Mara from the US agriculture department is expected to hold important detailed talks with Mr Guy Legras, head of the European Commission's agriculture directorate. At stake is the extent to which Washington can make any of the additional concessions on last year's Blair House accord – in which the EU and US agreed substantial cuts in subsidised food exports – demanded by the French government as a condition for concluding the Round.

Farm trade is the issue which has prolonged the negotiations for seven years and threatened repeatedly to sink them. There is a growing feeling, in Brussels and Geneva, that Washington will offer concessions on farm trade while preserving Blair House as a basic building block for the Round. But, equally, there is concern among senior Brussels officials that compromises on agriculture designed to get Paris off the hook with its militant farmers will be paid for in other sectors where agreement is still needed.

Nafta's success has reignited optimism that a Gatt deal is now within grasp

Chief among these are:

- Market access and cuts in industrial tariffs. The EU is demanding that the US at least match the offer by Brussels to cut high tariffs. The EU is targeting US protection of its textiles, ceramics and glass industries.

In a deal to get the backing of US textile interests for Nafta, the Clinton administration was careful not to tie its hands in the Round. It "anticipated" tariff cuts that would not go "substantially beyond" those agreed between the US and EU industries, and said it would work "diligently" to harmonise tariffs to no higher than 7.5 per cent for man-made fibres – thus addressing the demands of Portugal and Greece – 15 per cent for yarns, 30 per cent for fabrics and 35 per cent for apparel.

The US administration is still seeking zero tariffs for wood products and paper. It has apparently lost hope that tariffs will be eliminated on electronics and non-ferrous metals, but is proposing to drop the latter to no more than 3 per cent.

- Steel: "We want peace in the marketplace, past, present and future," a Commission official said, indicating that the US should scrap existing punitive duties on European steel and undertake to deal with future disputes multilaterally.

In return, the EU is willing to restrict the terms under which it subsidises its steel industry.

- Cinema and broadcasting. This is another French bugbear because of the perceived threat to European culture from Hollywood. Washington has softened its opposition to existing EU subsidies for cinema and videos and voluntary quotas for indigenous programmes, but is demanding a free market in the new technologies – fibre optics, satellite-delivered programmes and other forms of pay television. The 12 member states have yet to decide on a common position on technological development.
- Aircraft manufacture. The two sides have a bilateral deal restricting EU direct subsidies to Airbus, and US indirect subsidies to its manufacturers through the defence budget. Brussels is strongly resisting US attempts to rewrite the bilateral accord inside Gatt. The US is also considering a twin approach on subsidies – eone for the US and EU, and another for other countries such as Japan and South Korea.
- The EU is determined that the future Multilateral Trading Organisation (MTO) to replace Gatt will blunt the US bilateral trade sanctions arsenal, in particular by forcing Washington to adapt its so-called 301 trade laws to the new MTO order. While Congress would not pass any agreement to forgo unilateral action completely, it could agree to bring complaints first to an international body if the settlement mechanism were sufficiently strong and swift.

There is still a lot to resolve. But senior EU officials acknowledge that Mr Clinton showed courage in getting Nafta through, and that the same political will is now demanded from European leaders – particularly from Mr Edouard Balladur, the French prime minister.

Mr Kantor, who has met French officials on at least two occasions in the past month, is optimistic that common ground has been established. But everyone, he said, must rise above national interests to boost growth in the world economy. Only then can the tortuous Gatt negotiations be concluded and a new era of freer trade begin.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

A tax with no supporters

From Mr Noel Paulley.

Sir, The 75 Conservative MPs who recently expressed deep unease about the planned imposition of VAT on domestic fuel ("Many Tory MPS want deeper spending cuts", November 15) were, in my judgment, a very accurate reflection of Tory grassroots opinion in the constituencies. During 25 years work for the party, I have never encountered a measure which was so widely unpopular with fellow members.

The poll tax was unpopular, but it did have its supporters within the party. VAT on domestic fuel appears to be friendless, and the government would be wise to reconsider.

Noel Paulley,
"Corfu",
Cardiff Road,
Creigiau,
Cardiff CF4 8NL

A simple boost to rented sector

From Mr Alan Thurlow.

Sir, John Willman's report, "Clarke to boost initiative on private finance" (November 15), that the Treasury is about to "breathe new life into the private financial initiative" is good news. It at least suggests that the Treasury is capable of movement.

Before tackling the complex task of introducing private capital to major infrastructure projects, why not do a simple job first?

The private rented sector is crying out for investment to build the 100,000 new homes that are needed each year. Minor changes to the inequitable tax regime that penalises landlords in favour of owner occupier could be made on Budget day.

Designing a modified investment trust to attract institutional funds for investment in the private rented sector should not take long either.

Good practice for the Treasury, you may feel, before it gets round to roads, bridges and railways.

Alan Thurlow,
Leaders,
28 New Road,
Brighton,
Sussex BN1 1UG

Solvency test needs support

From Mr R J Whitelam and Miss P M Webster.

Sir, The Goode Committee has proposed that in future occupational pension schemes should be required to hold a minimum level of assets to back the pension promise given to members. This has generated considerable discussion among pensions professionals. Some alarmist claims have been made to the effect that the solvency test will cost individual companies tens or hundreds of millions of pounds. As a result, pressure seems to be growing from some quarters for the proposal to be either abandoned or substantially watered down.

We believe this would be a pity. A solvency test would do much to improve benefit security in the minority of schemes which are currently not adequately funded. What is needed is a cool-headed analysis of how the proposed test could be fine-tuned so that it brings the recalcitrant schemes into line, without jeopardising the position of the majority of UK pension funds which are already soundly funded and invested.

Some alarmist claims appear to be based on the assumption that many large schemes would currently be either barely 100 per cent solvent or indeed below that level. However an analysis of the solvency position of 20 of our largest pension scheme clients showed they are currently all more than 100 per cent solvent on the proposed basis, and the vast majority are comfortably above 120 per cent. This is because, like most UK pension schemes, they are funded on sound bases allowing for projected final pay benefits.

The solvency test is designed to ensure that schemes should at all times contain enough assets to meet members' accrued benefits based on current pay. This is a laudable aim. A number of practical issues need to be addressed during the consultation stage, such as the introduction of some smoothing to make the test less susceptible to daily fluctuations in asset values. There also needs to be discussion about the treatment of very large mature schemes and whether remedial action should always involve a three-year funding plan rather than the current proposal for immediate cash injections from the employer when solvency falls below 90 per cent. These are details which can be sorted out and are not reasons for rejecting the substance of what has been proposed.

R J Whitelam & Miss P M Webster,
Bacon & Woodrow,
actuaries and consultants,
St Olaf House,
London Bridge City,
London SE1 2PE

Curious and curiouser

From Mr Alexander John.

Sir, Thank you for featuring Sir Peter Hall as "Minister for a Day" (November 13/14). To imagine – however briefly – a situation where the arts were administered effectively, rather than just cheaply, was a delight, even though under the present regime it must seem a curious fantasy.

Less curious, though, than the brand of economics favoured by Ian Hargreaves in his "Why the BBC should be privatised". "Although at £83 a year the licence fee does not look expensive today," he writes, "it will come to seem so when up-rated steadily in line with inflation." Really. Noting that he is your deputy, Sir, I do wonder whether this thinking will determine your future pricing policy?

Alexander John,
5 Birchmead,
Watford, Herts WD1 3RU

Accountants have skills now

From Mr Douglas McRae.

Sir, Sir Geoffrey Owen's article in your Accountancy Column (November 18) is a welcome contribution to the debate on the role of accountants in business life. He and his colleagues at the London School of Economics correctly identify the need for accountants actively engaged in business management to be trained for total management, as opposed to the narrower traditions of accountancy.

The fact is, however, that the "five most important skills" he identifies as necessary for the future are all catered for already, with precision, by the Chartered Institute of Management Accountants.

The whole ethos of our training is towards producing versatile people trained as management accountants and equipped to hold senior management positions. Among their basic working tools is the ability, as part of management, to provide and manage information, financial and non-financial, gathered from inside and outside the business as the basis for fundamental business decisions.

It is no accident that British Airways, which has just been presented with the CIMA Training Award, now relies almost wholly upon CIMA training for its graduate accountancy recruits.

Douglas McRae,
president, Chartered Institute of Management Accountants,
63 Portland Place,
London W1N 4AB

Now for the collected works

From Mr T S McClymont.

Sir, Lambasting-chastising-fault-finding-brow-beating-knuckle-rapping-finger-pointing-tongue-lashing Joe Rogaly strikes again ("If the dunce's cap fits...", November 16).

Should you decide to publish a volume of Rogaly's collected remonstrances I'd buy it like a shot.

T S McClymont,
Martin-Luther-Str. 36,
60389 Frankfurt/Main,
Germany

British Gas makes Canadian disposal

By Robert Corzine in London and Bernard Simon in Toronto

BRITISH GAS has agreed to sell its 85 per cent stake in Consumers Gas of Canada for C$1.2bn (£612m), three years after it bought Canada's largest gas supply company in its biggest foreign acquisition to date.

The sale of the company to Interprovincial Pipeline System of Edmonton, Alberta, will bolster British Gas' ability to take advantage of new opportunities in less mature international markets where returns are higher, according to Mr Cedric Brown, chief executive.

British Gas shares fell 3½p to 321½p, although the sale "sent the right signal to the market that the company was willing to sell off non-core assets and re-invest in higher return businesses," said Mr Simon Flowers of Natwest Markets in Edinburgh.

British Gas has been under pressure to improve the returns from its non-regulated businesses since the Monopolies and Mergers Commission inquiry into the company began last year.

Consumers Gas, which has about 1m customers in Ontario and New York state, was bought in 1990 by British Gas under the Global Gas banner for C$1.1bn. An additional C$46m was injected in 1992, just before a public flotation of 15 per cent of the company raised C$162. Two related companies, worth about C$60bn, are excluded from the sale and will be retained by British Gas.

Mr Philip Rogerson, finance director, said the sale proceeds and the removal of Consumers' debt from the British Gas balance sheet would reduce borrowings by £1.5bn. Gearing, as of the end of September, would fall by about six points to 25 per cent.

IPL is buying Consumers because it sees a brighter future in natural gas supply and demand than in IPL's existing business of transporting crude oil.

Mr Brian MacNeill, IPL's chief executive, noted that the prospects of finding major new oil reserves in western Canada are slim. On the other hand, he said that opportunities for additional gas reserves appear to be plentiful, while the long-term growth of demand for gas is assured by its environmental attractions.

The sale of Consumers will remove Global Gas's main revenue stream, leaving it with a smattering of medium-sized businesses mainly in Latin America and Asia.

British Gas officials say that a new strategy to develop its international businesses can only be finalised after the government decides on whether to implement the main MMC recommendation to break up the company.

See Lex

Savoy creates committee to find new chairman

By Michael Skapinker, Leisure Industries Correspondent

THE BOARD of the Savoy hotel group has asked a three-man committee to resolve the deadlock over who should take over its chairmanship when Sir Anthony Tuke retires in May next year.

The committee members are Sir Oliver Wright, former British ambassador to the US, Mr Rocco Forte, chairman of the Forte hotel group, and Mr John Sinclair, who was appointed to the Savoy board earlier this year. Sir Oliver, who was also ambassador to Denmark and Germany, has been on the Savoy board since 1987.

The disagreement stems from Forte's attempt to take over Savoy during the 1980s. The acrimonious bid battle ended in 1989 with Forte owning the majority of Savoy shares but short of a majority of voting shares.

Two Forte directors, Mr Forte and Mr Donald Main, the finance director, were appointed to the Savoy board.

Forte undertook not to increase its shareholding in Savoy, which also owns Claridge's and the Connaught, before November 1994 and then only after giving 12 months' notice.

This meant that if Forte wanted to increase its shareholding next November, it would have had to give notice at the beginning of this month. It did not do so, however, and is believed to prefer a negotiated settlement.

The need to find a replacement for Sir Anthony has led to a re-emergence of the simmering antagonism between the two sides. The Savoy camp has proposed that either Mr John Kemp-Welch, joint senior partner at Cazenove, or Mr Giles Shepard, the managing director, should become chairman. Forte has objected to both candidates.

Forte's preferred candidate is Sir Michael Richardson, chairman of Smith New Court, but he is being opposed by some of the Savoy partisans on the board.

The committee may look for an outside candidate acceptable to both sides.

In search of markets further afield

British Gas has embarked on a strategy of global expansion. **David Lascelles** reports

FOR MONTHS, British Gas has been running expensive advertisements proclaiming itself as "a world class energy company", stressing the size of its global business. Yesterday it sold off the largest chunk of that business, the C$1.2bn (£612m) Consumers Gas company in Canada. Was this a change of tack?

Certainly not, maintain British Gas' top executives. If anything, it represents a desire to attack world markets more aggressively than before.

Although British Gas bought Consumers Gas only three years ago, the world market has undergone huge changes in that short time, says Mr Cedric Brown, the chief executive. A liberalisation trend has swept through the gas business; countries are privatising state energy companies, and new markets are appearing.

In this new world, the 11 per cent after-tax return that British Gas obtained from its £506m investment in Consumers began to look unexciting. Canada was a mature market where the gas distribution business was heavily regulated, so when an unsolicited offer arrived from Interprovincial Pipe Line System, British Gas was receptive.

"There's limited potential for upside growth there," said Mr Brown. "The world has moved on. It makes a lot of sense to take a very good offer, then we can use the money much more effectively elsewhere."

The reason for this optimism is that British Gas sees itself at the forefront of a dynamic world business. With gas now the fastest growing energy source, the company expects investment in both the upstream and downstream ends to total between $800bn and $1100bn (£740bn) over the next 20 years.

Mr Russell Herbert, the director in charge of the global business, sees worldwide demand growing by 500bn cubic meters over the next 10 years. "If you need to get a feel for the weight of that, it's the size of the entire UK market," he said.

The direction in which British Gas is looking for opportunity is towards changing markets and the developing world. One instance of the former is, ironically, Europe, where national gas systems are still fragmented, but ripe for growth, particularly once the EU unified energy market gets going. Further east, British Gas has bought a stake in a gas pipeline system in east Germany, and will be looking for opportunities in the former communist states.

But the most interesting prospects lie much further afield. British Gas is now involved in a string of deals particularly in East Asia to supply and distribute gas and operate power generation projects. One of the largest involves a $3bn gas exploration and transmission project in Kazakhstan. Another announcement that came yesterday was a joint venture company to distribute gas in Bombay.

Recently British Gas also signed an agreement to participate in a project to transport and distribute Argentinian gas to Chile through a new trans-Andean pipeline. The $600m venture comes alongside British Gas' acquisition last year of a 29 per cent stake in MetroGas, the newly privatised gas distribution company which serves Buenos Aires.

The proceeds from Consumers Gas will help feed British Gas' investment budget which will be about £2bn this year. However, there are risks in British Gas' strategy. One is that it is striking out from traditionally safe markets into areas where the returns may be higher but the potential for political and financial trouble is too.

Mr Brown says that sceptics should bear in mind that the bulk of British Gas' business is still in the UK, in a safe, regulated market. And though his company is now hunting for new gas supplies in exotic territories, a large part of its reserves lie no further from home than under the safe waters of Morecambe Bay.

Another risk is that management may be taking on more than it can handle. Is Sid, who bought British Gas' shares in the 1986 privatisation, going to get his fingers burnt?

Mr Philip Rogerson, the finance director, says the commitment was made clear in the prospectus that British Gas would be seeking to expand away from its domestic regulated business, and that strategy is now being pursued.

Ironically, he says, the area of greatest uncertainty is currently the UK where the recent monopoly inquiry recommended that British Gas be broken up and its monopoly abolished. The company is hoping for an early decision from Mr Michael Heseltine, the trade secretary.

ACQUISITIONS AND INVESTMENTS

		Stake	Country	Exploration & Production £m	Global Gas (overseas gas supply) £m
1988	Bow Valley Industries	53	Canada	388	
1988	Acre Oil	100	UK	364	
1988/89	Tenneco subsidiaries	n/a	Various	117	
1989	Texas Eastern North Sea	n/a	UK	299	
1990	Consumers Gas Company	85	Canada		506
1991	German gas distribution cos	*	Germany		12
1992	Ballylumford Power	100	N. Ireland		130
1992	Natural Gas Clearinghouse	36.5	US		39
1992	MetroGas	28.7	Argentina		55
				1168	742

* 25% each in Halle and Leipzig areas 5% in VNG (East German transmission pipeline system)

Zeneca sells subsidiary for $65m

By Paul Abrahams

ZENECA, Imperial Chemical Industries' former bioscience group, yesterday announced it had sold its Thoro System Products business to a new company formed by D George Harris & Associates, the fast-expanding New York chemicals holding group.

The Zeneca subsidiary, which makes speciality building products, had a turnover last year of more than $62m. It is understood to be profitable and to have been sold for about $65m (£43.6m).

Zeneca said the sale was consistent with its strategy of shedding non-core businesses and concentrating resources on those businesses that share common technologies and skills. The Miami-based subsidiary became part of ICI in 1985 as part of the Beatrice Chemical acquisition.

Mr D George Harris, chairman and chief executive, said the acquisition would be called Thorchem International and would form the basis of a new building materials and chemicals company with sales of between $250m and $350m over the next few years.

He had identified two possible further acquisition targets, one based in the US, another in Europe, although they both had businesses in the two regions.

Dwyer makes £34.4m buys and seeks £12.3m

DWYER, the property company, is acquiring seven properties for a maximum of £34.4m cash and raising £12.3m net through a 1-for-1 rights issue.

The company also announced pre-tax losses for the year to September 30 of £7.74m, against £7.13m restated for FRS 3. Operating profits were £3.28m (£3.14m) but there was a fall of £4.24m (£4.78m) in property values and a loss of £3.23m (£4,000) on the sale of properties.

The company is also considering moving from the Irish Republic to the UK.

Dwyer is buying the Arndale Centre in Middleton, Manchester from P&O Property Holdings and a portfolio from Winglaw Developments, which holds 24.1 per cent of Dwyer.

It is issuing 25.7m shares at 50p. Winglaw has undertaken to take up its rights and the balance is being underwritten by UBS, the broker to the issue. The shares closed unchanged at 57p.

For the year to September 30 losses per share were 30.18p (25.47p). The rise in operating profits was the result of cutting administrative expenses to £1.08m (£1.88m). During the period 12 properties were sold realising £35.5m and cutting gearing from 206 per cent to 51 per cent at the period end.

Lynx jumps midway and makes two acquisitions

Lynx Holdings reported a jump in pre-tax profits from £115,000 to £619,000 for the half year to September 30.

At the same time the supplier of computer services and leisure products announced two acquisitions financed by a placing and open offer.

The shares rose by 8p to close at 45p.

It is acquiring Financial Systems, which provides software for banking and trust management, and Chess Valley Computers, which provides software and systems for the mortgage and secured lending markets.

The consideration for Financial is £2.88m, to be satisfied by 7.82m new ordinary shares. The consideration for Chess is £2.4m, satisfied by 6.61m new shares. Some 9.11m of these shares have been conditionally placed at 36p by Guinness Mahon to raise money for the vendors.

Turnover rose from £7.4m to £10.8m. Earnings per share were 4.27p (1.34p) and a final dividend of 0.95p (0.75p) lifts the total to 1.25p (1p).

Evans Halshaw pays up to £9m for TK Motor

Evans Halshaw, the Solihull-based motor distribution group, is buying TK Motor Group, a privately-owned chain of seven dealerships, for £6.5m, rising to £9m if TK profits double in its current financial year, writes Paul Cheeseright.

TK dealerships in Grantham, Newcastle under Lyme, Telford, Wednesbury and Wrexham, hold Peugeot, Fiat, Renault and Citroen franchises. Evans Halshaw has not hitherto had Fiat or Citroen franchises.

Both the initial and conditional payments will be made in shares or, in the case of the conditional payment, loan notes. The initial payment involves the issue of 1.62m shares, based on a price of 401.5p.

TK is owned by Mr Richard Teatum and Mr Mike Keen.

Lonrho in gold mine venture with Uzbekistan

By Kenneth Gooding, Mining Correspondent

LONRHO, the UK-based conglomerate, said yesterday it hoped next week to sign a joint venture agreement to develop a new gold mine in Uzbekistan, part of the former Soviet Union.

"We are in the final stages of negotiations and it would be very good timing if we could sign during the president of Uzbekistan's visit to London next week," the company said. "But the negotiations are proving very tough."

The potential mine would be "substantial" in world terms and "very large" for Uzbekistan, the eighth largest gold producer in the world with an annual output of between 70 and 80 tonnes.

Mr Islam Karimov, Uzbekistan's president, told Reuters the venture would be at the Kokpatas and Amanmaitau mines near Zarafshan, about 560km north of the capital, Tashkent. It would be a joint venture between Lonrho, the Uzbek Ministry of Geology and a mining enterprise in the Navoi region and the mine would take three to four years to reach full production.

Jurys Hotel rises 30% and calls for I£7.6m

JURYS HOTEL Group, the Irish-based hotel operator, yesterday announced a 30 per cent increase in interim profits and a I£7.59m (£7.25m) rights issue to fund expansion plans.

The rights issue of 7.58m new ordinary shares is on a seven-for-two basis at 105p per share. Mr Walter Beatty, chairman, said all proceeds would be used to cut borrowings thus enabling Jurys to finance continued growth, both internally and by acquisitions.

Following the purchase of the Jurys Kensington Hotel, which was funded by debt, Jurys gearing now stands at 38 per cent. After the rights issue, this will be reduced to 24 per cent.

Pre-tax profits for the six months to October 31 grew from I£2.16m to I£2.8m (£2.67m). Turnover rose 21 per cent to I£17.6m and earnings per share came to 10.1p (7.6p). The interim dividend has been held at 2p.

Mr Beatty said group business strengthened as the summer months progressed and was aided considerably by the trading of the new inns, in Christchurch and Galway, which was at the upper end of expectations.

Telspec pathfinder prospectus out

By Paul Taylor

TELSPEC, the fast-growing Rochester-based manufacturer of sophisticated electronic telecommunications equipment, which is coming to market next month, issued its pathfinder prospectus yesterday. The placing is likely to value the company at more than £40m.

The group designs and manufactures advanced equipment which enables customers like BT, Telecom Australia and Deutsche Telekom, to improve the efficiency of their networks and reduces the cost of installing or expanding local telephone services.

In the year to December 31, Telspec, which has manufacturing operations in the UK and Australia, reported pre-tax profits of £3.36m on turnover of £18.2m. In the first half of the current year, pre-tax profits of £1.94m were reported on turnover of £8.53m.

The flotation is expected to raise about £5m for the company, which will be used to fund increased capital expenditure and expand overseas service and support facilities.

[illegible]

NEWS DIGEST

Black Arrow falls to £346,000

REFLECTING difficult market conditions, pre-tax profits of Black Arrow Group plunged to £346,000 for the half year to September 30, compared with £1.55m last time which included an exceptional £668,000 from the sale of a trading property.

Turnover of the furniture and leasing group dropped from £11.73m to £7.62m. Earnings per share came to 0.84p (3.82p). The interim dividend has been halved to 0.5p (1p).

Purchases help MMI return to black

MMI, the financial services and communications company, reported a return to profits for the half year to August 31 with £201,000 pre-tax, against losses of £282,000.

Acquisitions, which provided £1.93m of the total turnover of £5.22m (£483,000), contributed operating profits of £382,000 out of a total of £405,000, against losses of £72,000.

The most recent acquisitions of Pelham Communications, Park Avenue Productions and Mediamix made a significant contribution. The BES business increased turnover but the recruitment advertising business incurred a loss.

Mr Ian Perry, who replaced Mr Alan Bradshaw as chief executive at the beginning of the month following a disagreement over strategy, is developing the company into a business communications group.

It is proposing to change its name to Pelham Communications.

Earnings per share were 0.47p (losses 2.15p). An application to remove the deficit on revenue reserves by reducing the share premium account is being made to the courts.

Office & Electronic achieves £263,000

For the 18 months to June 30 Office & Electronic Machines, the distributor of text processing equipment, reprographic and facsimile equipment and personal computers, achieved pre-tax profits of £263,000. That compared with losses of £57,000 for the year to December 31 1991.

However, there were losses on its continuing activities amounting to £416,000. The discontinued activities refer to the office equipment businesses previously operated from Burgess Hill, the directors said, while the activities in 1991 relate wholly to discontinued activities.

Turnover amounted to £3.27m (£2.07m), with £1.58m from continuing activities.

The pre-tax result was after an exceptional credit of £849,000 (£658,000) relating to the pension fund surplus and adjustments in relation to disposals and releases of certain contractual obligations within subsidiaries.

Losses per share were reduced to 1.6p (3.1p). No final dividend is recommended, leaving the interim of 0.1p (0.1p) as the total for the period.

Black & Edgington in profit year-end

Despite a second half loss, Black & Edgington, the USM-quoted group which provides portable buildings, tents and other structures for sporting occasions and exhibitions, ended the July 31 year with £20,000 pre-tax profits against £2.9m losses.

Turnover for the 12 months fell from £9.48m to £7.6m and included £425,000 (£1.8m) from discontinued activities. Pre-tax profits were after interest payments down from £698,000 to £571,000.

Earnings per share were 0.01p, compared with 0.57p losses.

The directors stated that there was a decrease in bank borrowings of £508,000 over the year.

Scot National net asset value at 94.9p

Net asset value per capital share of the Scottish National Trust recovered to 94.9p at September 30, against 2.8p a year earlier.

Net revenue for the year to the end of September was £14.6m (£16m) for earnings per share of 7.83p (8.74p). A final dividend of 2.6p has been proposed plus a special payment of 0.25p making a total for the year of 7.75p (8.85p).

Net asset value per the stepped preference shares improved to 134p (127.6p) while the figure for the zero preference shares rose to 190.1p (170.8p).

Henderson Strata net assets advance

Net asset value per share of Henderson Strata Investments rose from 186.3p to 271p over the 12 months to October 31.

Net revenue was static at £222,000 (£221,000). Earnings were 1.36p (1.45p) and the single dividend is held at 1.4p.

Chester Water rises to over £1m mark

For the six months ended September 30, Chester Waterworks, the water supplier, has moved ahead both turnover and profits, indicating that the company was "continuing to make progress on its high level of performance to date."

Turnover amounted to £2.99m (£2.86m) while the pre-tax surplus was £1.07m against £1.04m. And the interim dividend is lifted from 75p to 85p from earnings per share of 316.9p (283p).

Property shares boost TR Property

A continuing strong recovery in the shares of UK property companies enabled TR Property Investment Trust to report net asset value per share up from 25.3p to 36.2p over the 12 months to September 30.

Net revenue for the half year to the end of September was £1.93m (£1.42m) for earnings per share of 0.68p (0.5p). The interim dividend is being maintained at 0.4p.

Glasgow Income net revenue falls

Net asset value per share of Glasgow Income Trust expanded over the year ended September 30 from 36.05p to 47.68p.

After tax of £215,000, against £348,000, revenue dipped from £994,000 to £831,000, giving earnings of 2.81p (3.38p) per share. The total dividend is cut from 3.2p to 2.75p with a final of 0.95p.

A continuation vote to extend the life of the trust for five years will be put to shareholders at the annual meeting on December 15.

New TV outlet for Cosgrove Hall

Anglia Television Entertainment has launched a new production company to be run by Mr Brian Cosgrove and Mr Mark Hall, the children's television animators.

ATE is a joint venture set up earlier this year between the ITV franchise holder and Home Box Office, the programme division of Time Warner Entertainment. It will have a 75 per cent stake in Cosgrove Hall Films.

Ross warns of £2m non-recurring charge

Shares in Ross Group dived 6p to 16p yesterday as the industrial holding company warned that profits for the current year would be below earlier expectations, after charging non-recurring costs of at least £2m for restructuring.

The company said trading conditions in October were worse than expected and with the exception of Gemini and Tadmod where growth had continued, measures had been and continued to be taken to reduce further overheads, albeit at a substantial short term cost.

The company yesterday completed the purchase of Cascade and Keenon from Tomei of Hong Kong for £4m, payable by the issue of 13.3m new ordinary shares at 30p. In addition, Tomei has subscribed for a further 2.33m shares in Ross also at 30p.

Olives acquires Fine's Properties

Olives Property is acquiring Fine's Properties for £2.53m.

The consideration will be satisfied by the allotment of 1.39m new shares, £1.28m in redeemable loan stock to be issued at par, and £750,000 in convertible loan stock at par.

Fine's has a portfolio of 11 properties, mainly freehold secondary retail shopping parades in the south of England, producing a net rental income of £538,000 per annum.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Black Arrow	int	0.5	Jan 4	1	-	2.6
Chester Water	int	85	Dec 17	75	-	150
Jurys Hotel	int	2	Feb 26	2	-	5
Lynx Holdings	fin	0.95†	Feb 1	0.75	1.25	1
Scot National	fin	2.85☆	Jan 7	3.05	7.75	8.85
TR Property Inv	int	0.4	Jan 10	0.4	-	0.9

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Including a special dividend of 0.25p.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§140	F.P.	-	165	140	Abacus	162		W3.5	2.0	2.7	22.0
-	F.P.	-	94	88	Abtrust Emrg Economics	90½		-	-	-	-
-	F.P.	-	52	46	Do Warrants	50	-1	-	-	-	-
170	F.P.	-	186	178	Allders	185		W8.1	2.2	4.1	13.8
170	F.P.	-	178	160	BBM	160		W5.78	0.7	4.5	40.6
100	50	-	62	50½	BZW Endowment Fund	62	+½	-	-	-	-
100	F.P.	-	102	98½	CLM Inc	98½		-	-	-	-
200	F.P.	-	205	195	Canadian Pizza	198		-	-	-	-
§480	F.P.	-	475	433	Cantab Pharmaceuticals	440		W5.9	2.3	3.7	14.9
125	F.P.	-	165	125	CentreGold	147	+2	L2.6	2.7	1.7	26.0
110	F.P.	-	110	98	Charles Sidey	108	+2	L3.5	2.2	4.1	13.5
100	F.P.	-	114	102	Cleveland Trust	111	+1	uR5.26	0.6	5.9	21.7
-	F.P.	-	20	10	Coal Inv	15	+½	-	-	-	-
-	F.P.	-	142	133	Crest Packaging	134		-	-	-	-
100	F.P.	-	102	98	Dalton Lloyds Inv. Tst.	97		W3.65	2.1	3.4	17.1
-	F.P.	-	1¼	1¼	Emerald Energy	1½		-	-	-	-
-	F.P.	-	112	105	Finsbury Underwriting	107		-	-	-	-
-	F.P.	-	58	51	For & Col Emer Mkts Wts	55		-	-	-	-
168	F.P.	-	170	166	Gartmore	170		-	-	-	-
-	F.P.	-	111	103	Gartmore Shared Equity	107		W4.0	2.0	2.9	21.0
-	F.P.	-	104¾	100¼	Do. Zero Div. Pf.	102½	+½	W4.6	-	11.2	-
100	F.P.	-	102	98	HCG Lloyds Inv. Tst.	99		-	-	-	-
100	F.P.	-	111	102	Hiscox Select Ins.	108		-	-	-	-
-	F.P.	-	15	10	Lon. Fin. & Inv. Wnts.	11½	-1	-	-	-	-
100	F.P.	-	102	100	Londesi Inc Wnt	100	-½	-	-	-	-
-	F.P.	-	424	315½	Rothmans Intl. Units	419	-2	W12.52	2.5	3.7	13.2
230	F.P.	-	258	240	Roxboro	249	-1	W11.9	3.7	1.0	19.2
§290	F.P.	-	323	291	Scotia	291	-4	-	-	-	-
135	F.P.	-	141	141	Smaller Co's Inv Tst C	141		-	-	-	-
100	F.P.	-	102	102	Throg Prfd Income	102		-	-	-	-
§190	F.P.	-	198	185	Towry Law	185		-	-	-	-
-	F.P.	-	111	108	Upland Inv	107	-1	LN4.5	2.2	3.1	18.2
-	F.P.	-	398	387	Vendome Luxury Uts.	387	-2	-	-	-	-
§170	F.P.	-	328	252	Virtuality Group	255		W07.86	2.8	2.5	14.3
-	F.P.	-	4¼	3	Wiggins	3¼		-	-	-	-

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+or-
280	Nil	9/12	46pm	20pm	Ashtead	29pm	
85	Nil	23/11	14pm	5pm	3-Comac	7pm	
83	Nil	14/12	8pm	3pm	Elliott (B)	3pm	
35	Nil	13/12	1½pm	½pm	Eng & Overseas Props	1½pm	
¼	Nil	23/12	1½pm	½pm	Ferranti	1½pm	
11	Nil	23/12	1½pm	1½pm	Greyshore	1½pm	
3¼	Nil	23/12	½pm	½pm	MSC Inds.	½pm	
465	Nil	24/11	86pm	58pm	Stobo	82pm	+8
-	Nil	8/12	11pm	6pm	Upland	7pm	-1
375	Nil	25/11	47pm	38pm	Wilson Bowden	41pm	
152	Nil	14/1	23pm	11pm	Wyevale Garden Centres	11pm	

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

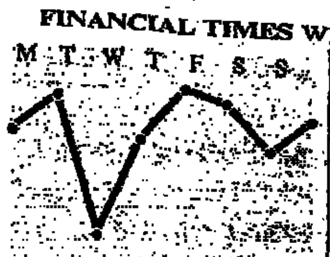
TRADITIONAL OPTIONS

- First Dealings Nov. 8
- Last Dealings Nov. 19
- Last Declarations Feb. 10
- For settlement Feb. 21

3-month call rate indications are shown on page 11

Calls: Acorn Computer, Aminex, Babcock, Baillie Gifford, Campbell & Armstrong, Coutts Cons., First Leisure, Psion, Ramco, Tusker Resources. Puts: Psion, Tiphook. Put & Call: Amstrad.

to proceed.
In the Ukraine, unable and
Electricité de France, told the



ECONOMIC DIARY

TODAY: President Clinton meets leaders of Asian Pacific Economic Co-operation member countries in Seattle.

MONDAY: Leon Brittan, European Union trade commissioner, meets Mickey Kantor, US trade representative, for Gatt talks; EU economics and finance ministers to designate formally Alexandre Lamfalussy as head of new European Monetary Institute; EU fisheries ministers meet for annual price-setting session; chancellor Helmut Kohl to visit president Boris Yeltsin; EU foreign ministers to discuss implementation of new Franco-German initiative to supply humanitarian aid to Bosnia; South Africa parliament resumes for what likely to be last session of white-dominated legislature, to consider interim constitution; Philippines president Fidel Ramos visits the White House for talks with president Clinton on economic and security issues; EU ministerial meeting in Luxembourg.

TUESDAY: *EU* social affairs ministers look at Green Paper on social policy; final results – Anglo Irish Bank, Capital Radio, Foreign & Colonial.

WEDNESDAY: Construction, new orders (September); European Commission to discuss possible changes to Jacques Delors' draft White Paper on growth, competitiveness and jobs; final results – Goodhead Group, Tate & Lyle.

THURSDAY: New Earnings Survey, Part E: Analyses by region and by age group; engineering sales and orders at current and constant prices (September); Income Support Quarterly Statistical Enquiry, February 1993; new vehicle registrations (October); Energy Trends (September); Nationwide (Spain) trade union demonstrations to protest against industrial decline and government policy; final results – Tomkinsons.

FRIDAY: CBI Monthly Trends Inquiry (November); large British banking groups' mortgage lending (October), new series; trade unions plan second in series of strikes against Belgium government's austerity package; Franco-Italian summit in Rome; final results – Perpetual, Scottish Investment Trust.

LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]							
Fisons	140	12½	21	26	5	11	17
(*145)	160	4	12	18½	18	22½	30

Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	420	11	38½	47½	7½	32½	40½
(*423)	460	1	18½	31	40½	57	64½
BAT Inds	475	24½	41½	-	3	15	-
(*495)	500	5	26	32	9½	26	37

Option							
Blue Circle	300	18	29	33½	7	14	23
(*308)	330	5	15	19½	25½	31	40½
British Gas	300	26½	33	37	2½	6	10
(*321)	330	5	14½	19	13½	17½	24½
Dixons	260	21½	30½	37½	5½	14	18
(*274)	280	9	20½	27	14	23½	38
Eurotunnel	420	38	-	-	10½	-	-
(*445)	460	18	-	-	29½	-	-
Hillsdown	140	17	23	25½	2½	6	11
(*153)	160	4	11½	14½	11	15½	22½

PUTS									
Nov	-	-	-	-	-	-	41	91	141
Dec	10	14	22½	33½	52½	80½	114	156	
Jan	24	31	42	56	76½	102	132	169	
Feb	32½	43	53½	69	88½	112	141	176	
Jun †	58	-	85	-	122	-	176	-	

November 19 Total Contracts 37,432
Calls 17,579 Puts 19,853
FT-SE Index Calls 4,313 Puts 10,034
Euro FT-SE Calls 1,715 Puts 1,017
*Underlying security price. †Long dated expiry months.
Equity premiums are based on closing offer prices.
Index options are settlement prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33		
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53		
Amstrad	3½	Comm Union	48	ICI	45	Sears	7½	MEPC	37		
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	SmKl Bchm A	34	■ OILS			
BAT Inds	39	Eurotunnel	40	Legal & Gen	38	TI	28	Arcon Intl.	6		
BOC	*49*	*FKI*	*12*	*Lex Service*	*34*	TSB	15	Aviva Pet	9		
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23		
BTR	28	Forte	17	Lonrho	10½	Thorn EMI	75	Burmah Castrol	60		
Barclays	88	GKN	40	Lucas Inds	12	Tomkins	18	Premier Cons	2½		
Blue Circle	21	Gen Accident	52	Marks Spencer	27	T & N	16	Shell	46		
Boots	40	GEC	25	NatWest Bank	28	Unilever	72	■ MINES			
Bowater	37	Glaxo	40	P & O Dfd	50	Vickers	12	RTZ	52		
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52				
British Steel	10	GRE	17	Rank Org	53	■ PROPERTY					

FT FIXED INTEREST INDICES

	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Year ago	*High	*Low
Govt Secs (UK)	103.69	103.84	103.54	103.13	103.07	93.96	103.84	93.28
Fixed Interest	124.18	124.15	123.78	123.47	123.34	108.92	125.20	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75) Basis 100 Government Securities 15/10/26. Fixed Interest 1926.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Nov 18	157.5	129.0
Nov 17	114.5	117.1
Nov 16	127.4	118.9
Nov 15	148.2	134.5
Nov 12	96.5	125.1

* SE activity indices rebased 1974

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Cocoa prices reach 5-year highs

THE COCOA market this week resumed preparation of the launch pad for its widely-expected blast-off into regions unknown to most of the present generation of traders.

A £69 aggregate rise took the March futures contract at the London Commodity Exchange to £1,040 a tonne, the highest second position price since July, 1988.

Some traders expressed doubts about the timing of this week's advance – just as the west African harvests were getting under way – and did not rule out a temporary setback before expected resistance between $1,050 and $1,060 a tonne was overcome. For the longer term, however, there was general confidence that a major bull market was going to develop as continuing supply deficits ate into the excessive stocks that were built up in the 1980s. London trade house GNI said this week that it could see cocoa prices tripling over the next three years.

This week's price rise was topped off by a £21 jump yesterday in response to renewed buying from one US trade house in particular.

The LCE coffee futures market also had its tail up for most of the week – the January delivery position rising $107 to reach $1,317 a tonne at one point. However, a retracement yesterday afternoon left the price $54 up on balance at $1,264 a tonne.

The rise was encouraged early on by news that the Brazilian government had last Friday bought 51,000 bags of coffee (60kg each) for its export retention stockpile, taking the total to 76,500 bags. However, that still left the Brazilian purchasing programme – part of a concerted effort by producers world-wide to boost coffee prices by holding 20 per cent of production off the market – considerably behind schedule. And some traders remained sceptical about the effectiveness of Brazil's participation in the international scheme.

LCE raw sugar futures regained some of last week's setback, but in late trading yesterday the March position was 0.1 off at 10.55 US cents a pound, up 0.34 from the end of last week. The earlier rise had gained momentum on Thursday after London trader C. Czarnikow revealed that it had raised its estimate of the 1993-94 stocks drawdown to 2.25m tonnes from the 1.8m it had predicted in August.

The gold market ended what had been a comparatively quiet week with a flurry of activity on Thursday and yesterday as repeated attempts were made to find a firm foothold in fresh high ground.

On Thursday the price failed to better the recent high of $378.50 a troy ounce, however, and yesterday's renewed advance stalled just short of $380. By the close it was back to $378.60 an ounce, up $1.35 on the day and $3.40 on the week.

Dealers told the Reuter news agency that heavy US investment and professional buying pushed prices upwards but previous resistance held and profit-taking eroded the gains.

"It has been threatening a test of $380 all week," one dealer said, adding that $382 was now the near-term target.

Silver prices followed a similar pattern but in a more exaggerated fashion, and the spot price in London ended 18.5 cents to the good at $4.72 a troy ounce. In addition to recent strong demand from India and the Far East, silver benefited this week from a renewed surge of buying by US investment funds, dealers said.

At the London Metal Exchange, nickel was easily the strongest market. What dealers described as a "correction" to the oversold condition that developed last week lifted prices by more than $100 a tonne in the first half of the week. Then came a minor retracement, ironically coinciding with a very bullish supply/demand projection by Inco of Canada, the world's biggest nickel producer. But the buyers were back yesterday and the three months delivery price closed at $4,727.50 a tonne, up $134 on the week.

The Inco announcement suggested that a big cut in Russian nickel production and exports had brought supply and demand of the metal virtually into balance. And it predicted that the market would be in deficit next year. Mr Peter Salathiel, the company's executive vice president of marketing, projected that total exports of Russian nickel to the west would fall by 40,000 tonnes to a "miserly" 80,000 tonnes in 1994.

The copper market had a much less happy time as what dealers termed "shaky technicals" pushed the three months position down $17.25 on the week to $1,649.50 a tonne at yesterday's close, despite news of a third consecutive fall in LME warehouse stocks. But that was still $20 above the low point reached on Wednesday.

Aluminium put in a parallel performance, three months metal ending $13.25 down at $1,063.25 a tonne after dipping to $1,046 on Tuesday. Dealers attributed the metal's lacklustre showing to disappointed selling following its failure last week to break resistance at $1,080 a tonne, exacerbated by Far Eastern selling and trade offerings. There was support, however, on dips towards $1,050 a tonne, they added.

Zinc prices were held within a narrower range as three months metal registered a net fall of $8 to $946.50 a tonne. The market took little notice of a warning on Monday that the Budel smelter in the Netherlands, which accounts for about 5 per cent of western world supplies of zinc, would have to close by the middle of 1995 if no agreement about waste storage could be reached with the Dutch authorities by the end of this year.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+25,425	to 2,362,225
Copper	-600	to 585,825
Lead	+250	to 298,400
Nickel	+120	to 118,014
Zinc	+1,625	to 847,475
Tin	-115	to 19,440

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Nov 19	Day's change %	Thu Nov 18	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.39	+0.07	129.29	2.24	10.03
2	5-15 years (22)	158.23	+0.05	158.15	2.13	11.56
3	Over 15 years (9)	180.67	+0.02	180.54	3.02	10.04
4	Irredeemables (6)	211.16	-0.13	211.43	0.86	13.47
5	All stocks (61)	153.57	+0.05	153.49	2.32	10.93
	Index-Linked					
6	Up to 5 years (2)	190.86	+0.01	190.84	0.68	4.28
7	Over 5 years (11)	187.92	+0.02	187.89	1.10	4.29
8	All stocks (13)	187.30	+0.01	187.28	1.05	4.27
9	Debs & Loans (65)	144.92	-0.04	144.98	2.01	10.14

AVERAGE GROSS REDEMPTION YIELDS

			Fri Nov 19	Thu Nov 18	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.00	6.01	7.08	7.22	29/4	5.95	22/10
2	Coupons	15 years	6.88	6.87	8.25	8.37	12/1	6.87	18/11
3	(0%-7¾%)	20 years	6.98	6.97	8.51	8.64	20/1	6.97	18/11
4	Medium	5 years	6.25	6.25	7.43	7.56	11/1	6.19	22/10
5	Coupons	15 years	7.00	7.00	8.73	8.83	19/1	7.00	18/11
6	(8%-10¾%)	20 years	7.08	7.06	8.91	9.05	20/1	7.08	18/11
7	High	5 years	6.37	6.38	7.67	7.78	11/1	6.35	22/10
8	Coupons	15 years	7.18	7.17	9.00	9.11	20/1	7.17	18/11
9	(11%-)	20 years	7.20	7.19	9.09	9.20	20/1	7.19	18/11
10	Irredeemables(Flat Yield)		7.10	7.09	8.86	9.05	20/1	7.09	18/11
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs	2.11	2.09	2.37	3.03	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs	3.09	3.08	3.77	3.89	14/1	3.06	17/11
13	Inflation rate 10%	Up to 5 yrs	1.23	1.20	1.54	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs	2.98	2.90	3.59	3.72	14/1	2.87	17/11
15	Debs &	5 years	7.59	7.59	8.86	8.97	4/1	8.41	16/3
16	Loans	15 years	7.98	7.99	9.89	9.94	19/1	9.14	10/3
17		25 years	8.16	8.15	10.07	10.10	19/1	9.38	10/3

Cost of job cuts forces NTT to slash profits forecast

By William Dawkins in Tokyo

NIPPON Telegraph and Telephone, the world's second largest telecommunications company, yesterday warned that its full-year profits would be more than halved because of Japan's recession and the costs of workforce cuts.

The company estimated that pre-tax profits would fall to Y106bn ($991m) for the year to next March – Y43bn lower than its original forecast – from Y247.2bn in 1992.

On top of this, NTT will make a Y19bn extraordinary charge for the costs of voluntary redundancies, as part of the 30,000 job reductions it is seeking over the next 10 years. This will bring pre-tax profits after extraordinary charges down to an estimated Y87bn for the full year, said NTT.

NTT yesterday posted a pre-tax profit of Y103.94bn in the first half-year to September, down 1.8 per cent on the same period of the previous year, on operating revenues of Y2,911bn. Net profits fell 10 per cent, from Y45.59bn to Y40.94bn.

The continuing slide in income from dial calls, sluggish sales of new telephone lines and the impact of the reduction in telephone charges made in June 1992, produced a 1.7 per cent decline in operating revenue in the first half. Competition to attract new customers is intensifying, said NTT.

It added that "the Japanese economy as a whole has faced severe difficulties in the first half of fiscal 1993, due to prolonged economic sluggishness brought on by stagnant private consumption and lowered corporate capital investment".

Another factor was the revenue lost following the spin-off of NTT's mobile telephone division in July 1992. Adjusting for this, underlying group operating revenues rose fractionally, by 0.7 per cent by comparison with the first half of 1992.

However, the spin-off, plus a reduction in the workforce, helped to reduce operating expenses by 1.3 per cent to Y2,746bn.

The group said it would make "significant efforts" to protect market share and it would push ahead with streamlining plans.

Swedbank withdraws request for state aid

By Christopher Brown-Humes in Stockholm

SWEDBANK, the Nordic region's largest bank in asset terms, yesterday withdrew its request for state support after announcing a SKr2bn ($242m) rights issue and much improved financial figures for the first nine months.

Its move means the three Swedish banks which applied for state aid earlier this year have now withdrawn their applications, testifying to the recovery in the country's financial sector.

The bank said the rights issue was the final part of an action plan designed to strengthen its capital base by SKr8bn and increase its capital adequacy ratio to more than 10 per cent.

Other measures, already announced, include the sale of a 90 per cent stake in a fund management unit and two large issues of perpetual stock.

The share issue will be in the form of a private placement and will be launched in the first quarter of next year. A maximum of 38m shares is to be offered to existing owners and Swedish and international investors at a minimum price of SKr55 a share. The bank is also aiming for a stock exchange listing within the next three years.

Nine-month figures from Swedbank confirmed an improving results trend, with operating losses cut to SKr2.65bn from SKr8.81bn.

Cost-cutting helped the bank to lift its result before loan losses to SKr6.21bn from SKr5.07bn. Credit losses shrank 36 per cent to SKr8.86bn, and problem loans fell 19 per cent to SKr18.9bn.

Skandinaviska Enskilda Banken and Föreningsbanken *have also withdrawn requests* for state assistance after announcing big share issues.

Murdoch tones down super-vote plan

By Nikki Tait in Sydney

MR Rupert Murdoch's News Corporation yesterday toned down key features of its proposed "super voting share" issue, in a bid to win approval for the controversial scheme from the Australian Stock Exchange and fund managers.

The media company said it would place a "cap" of 40 per cent on the aggregate number of votes which could be exercised by the holders of the super shares.

In addition, new shares would be transferable without any loss of voting power, and they would be quoted on the ASX.

"It is also probable that quotation of the super-voting shares will be sought on the London Stock Exchange and, in the form of American depositary shares, on the New York Stock Exchange," a letter from News Corp's lawyers said.

Despite the concessions, the Australian Investment Managers' Group – representing most of major fund management groups – said its members still strongly supported "one share-one vote" and had "grave concerns" about the plan.

Differential voting rights do not feature in Australia, and the News Corp plan would require an amendment to the ASX's listing rules.

News Corp had never formally revealed details of the original scheme. However, it was understood shareholders would have been granted one new share for every 10 ordinary held, and each new share would have carried around 25 votes. Critically, the "super" voting rights under the first plan would only have attached to the new shares as long the original owner did not sell them.

This structure could have allowed Mr Murdoch – who owns around 32 per cent of News Corp's equity either directly or through his family company – to achieve "creeping control" as other investors sold their super shares. He, and other family interests, could also have sold their ordinary shares without significantly diluting their voting rights.

News Corp's justification for the plan was that the company might need to issue equity to fund deals and joint ventures, and did not want to endanger management's security of tenure.

Under the revised scheme, the super voting shares would still be distributed to shareholders by way of a one-for-10 bonus issue. However, the 40 per cent cap would ensure the number of votes conferred by each super-voting share would be much lower than 25 – more like six and two-third votes per share.

If, over time, new *ordinary* shares were issued, the 40 per cent cap would remain and votes attached to the super shares would change. For example, if a further 900m ordinary shares were issued, the super-voting shares would confer 10 votes a share. The process would continue until the number of votes per super share was effectively 25.

The ASX recently released a discussion paper dealing with the principles of differential voting rights and is seeking comment.

Nissan to buy out Spanish unit

By Kevin Done, Motor Industry Correspondent

Nissan, the Japanese carmaker, is offering to buy out minority shareholders in its troubled Spanish subsidiary Nissan Motor Iberica.

The Spanish operations have run up heavy losses in the past two years, forcing Nissan to undertake a radical restructuring to comply with Spanish corporate solvency law.

Under the impact of heavy losses, expected to total around Pta40bn ($290m) this year, Nissan is planning to write off about two-thirds of the company's share capital, which will be reduced from Pta60bn to around Pta20bn.

The takeover by Nissan of full control of the Spanish operations is expected to be followed by drastic rationalisation measures.

It is seeking to cut its costs by about Pta10bn in the three years 1993-95 and to eliminate around 1,100 jobs from its workforce which totalled 7,200 at the start of the year.

The Japanese carmaker, which holds 70.3 per cent of the equity of Nissan Iberica, said yesterday it had filed an offer with the Spanish stock exchange commission for Nissan Europe to acquire the outstanding 29.7 per cent minority holding in the company ahead of the capital write-down.

The Japanese carmaker said it was offering shareholders the possibility to sell their shares "in conditions that we believe to be favourable in view of the current and mid-term situation of NMISA".

Shares in Nissan Motor Iberica, suspended on Thursday, closed on Wednesday at Pta147. The share price has slipped from a high for the year of Pta434 as its financial crisis has deepened.

Details of the offer, which were not disclosed, must be approved by the stock exchange commission. It is believed the final Nissan offer could be worth about Pta250 a share, which would value the bid for the minority holding at around $65m.

Packer raises stake in John Fairfax

By Nikki Tait

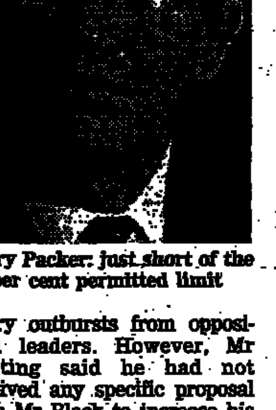
MR KERRY Packer, the Australian businessman, has raised his interest in John Fairfax, the newspaper publisher, to 14.97 per cent – within a whisker of the maximum 15 per cent stake permitted.

Nine Network Australia, the quoted media company in which Mr Packer's Consolidated Press holds a large minority interest, said it had bought 29.5m participating convertible notes in John Fairfax from Hellmann & Friedman, the US investment banking business. The price was A$3.05 per note, or close to A$90m (US$59m) overall.

The purchase takes Nine Network's total holding in Fairfax to 82.39m shares and notes, or 10.42 per cent of the newspaper group's issued capital. When added to 36m shares held by ConsPress, the total stake in Fairfax held by Nine and its associates is 118.39m *shares and notes, representing* 14.97 per cent of Fairfax.

Nine Network Australia said it agreed to buy the notes in Fairfax in line with its policy "of being a long-term strategic investor in Fairfax".

● A political dust-up developed yesterday after Mr Conrad Black, the Canadian media tycoon, said he was interested in increasing his 25 per cent stake in John Fairfax.



Kerry Packer: *just short* of the 15 per cent permitted limit

The stake is pegged at this level by foreign ownership rules, but Mr Black claimed, on ABC television, he had spoken to Paul Keating, the Australian prime minister, about a relaxation of the limit.

His comments were given an added twist because, in a newly published biography, Mr Black said Mr Keating had undertaken to consider lifting foreign ownership restrictions on the Fairfax papers if the papers became more disciplined in terms of political balance.

The suggestion that ownership concessions could be tied *to editorial coverage prompted* angry outbursts from opposition leaders. However, Mr Keating said he had not received any specific proposal from Mr Black to increase his holding in Fairfax.

"I saw Conrad Black the other day . . . and mostly as all proprietors do, he asked for something," Mr Keating was *reported as saying.* "In Conrad's case he wants a bigger share of John Fairfax. I've told him that there are real national interest questions and something easily given isn't something generally worth having."

Asked if he had made any increase conditional on balanced reporting, Mr Keating replied: "I had a conversation with Mr Black late last year when John Hewson (leader of *the* opposition *Liberal Party*) offered him 50 per cent of equity in Fairfax, and I said to him I wouldn't consider that, but I would consider going to 25 per cent.

"I said we'll think about [a request to lift Black's holding above a then 14.9 per cent] but we want a commitment from you that the papers will be balanced, and if there is any notion of bias, that is, that you barrack for the coalition on the basis of conservative proclivities in other places, then there's no way you would qualify as the kind of owner we would *like*."

Skandia stages sharp recovery at nine months

By Christopher Brown-Humes

SKANDIA, the Swedish insurer, yesterday announced a SKr3.95bn ($477m) nine-month management operating profit and said it was on course for a full-year result "which may be amongst the best we have ever achieved".

This is a dramatic turnround from 1992 when the group had a management operating loss of SKr3.74bn due to heavy credit insurance losses, falling property values and large claims from Hurricane Andrew.

Group performance this year has been helped by a one-time SKr1.45bn gain from the sale of its 26 per cent stake in the German life insurer, Hamburg-Mannheimer.

Credito Italiano warns of higher loan loss provisions

By Haig Simonian in Milan

CREDITO Italiano, the Italian bank to be privatised next month, warned investors yesterday that provisions for possible loan losses this year will be much higher than in 1992 and exceed amounts deductible for tax purposes.

In spite of the warning, made in the preliminary prospectus, a senior executive did not foresee any need for a dividend cut and said 1993 profits should be in line with the net L202.2bn ($121.2m) made in 1992.

The need for higher provi*sions stems from the bank's* heavy exposure to some leading problem debtors, notably Ferruzzi. The impact of a big increase in provisions would be accentuated by Italy's tax rules, which oblige banks to *pay tax on setting aside* more than a marginal increase in provisions.

The effect of higher provisions and tax will be partly offset by the 55 per cent jump in the bank's fee income to L536bn in the first half of 1993, when group earnings after tax and provisions were L150.6bn.

Mr Romano Prodi, chairman of the IRI state holding company which controls Credito Italiano, said the sale was "essential" to restore IRI's finances.

IRI's group debt is expected to rise to L74,000bn by December, *about L1,000*bn more than the previous year, although the proportion attributable to the parent company should fall marginally. Mr Prodi said IRI hoped to raise about L20,000bn from asset sales.

Hydro-Quebec 12.5% ahead

HYDRO-Quebec, one of Canada's two biggest power utilities, posted a profit of C$386m (US$292m) for the first nine months of 1993, up 12.5 per cent on a year earlier. Revenues from power sales rose 3.1 per cent to $5.08bn, writes Robert Gibbens in Montreal.

***Demand in Quebec* was helped by the start-up of two new aluminium smelters, cost-reduction programmes and by savings derived from the replenishment of reservoirs during 1992.**

Nine-month reverse at Investor

By Hugh Carnegy in Stockholm

SLIDING profits at Saab-Scania, the vehicle and aerospace group, and falling capital gains sent pre-tax profits tumbling to SKr216m ($26m) in the first nine months from SKr1.63bn at Investor, the company which groups the prime *industrial holdings of Sweden's* powerful Wallenberg family.

Sales at Saab-Scania, which is 100 per cent owned by Investor, slipped to SKr19.3bn from SKr19.9bn as assistance from the devaluation of the Swedish krona failed to offset flagging demand in Europe for its trucks and aircraft. Profits at Saab-Scania fell to SKr930m from SKr1.55bn.

Investor repeated its half-year warning that it expected Saab-Scania's full-year profits to be "significantly lower" than 1992's SKr2.13bn because of continued weak demand.

Capital gains, mainly from the sale of Investor's stake in Asea, the Swedish half owner of the engineering giant Asea Brown Boveri and of holdings in Stora, the forestry group, fell to SKr1.22bn from SKr2.27bn.

The value of Investor's strategic portfolio stood at SKr25.14bn at end-September. The portfolio includes most of Sweden's top industrial names, including Astra, Stora, SKF, Ericsson and Atlas Copco, but the rise in value was significantly less than the stock market rise.

Investor's net worth stood at SKr34.26bn at September 30 with Saab-Scania shown at book value. Group net debt was SKr7.95bn, down from SKr8.7bn at the end of last year.

Diversification leaves Minebea with net loss

MINEBEA, the world's leading maker of miniature ball bearings, lifted operating profits, but suffered heavy losses from diversifying into semiconductors, writes William Dawkins.

Pre-tax profits rose 8.5 per cent to Y8.93bn ($83.5m) in the year to end-September, on *sales up fractionally to* Y201.6bn. It swung from a net profit of Y2.73bn last year into a net loss of Y59.75bn.

It will pay no dividend this year, having paid Y6 per share in 1992.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$378.60	+3.4	$336.35	$405.75	$326.05
Silver Per troy oz	320.00	+13.5	249.50p	362.50p	236.00p
Aluminium 99.7% (cash)	$1042.50	-13.5	$1153.0	$1240.00	$1023.50
Copper Grade A (cash)	$1627.5	-16.0	£1404.5	$2375.00	$1108.50
Lead(cash)	$400.5	+3.5	£305.50	$460.00	$361.50
Nickel (cash)	$4667.5	+130.0	$5406.0	$6340	$4043.5
Zinc SHG (cash)	$929.0	-8.5	$1046.5	$1112	$868.0
Tin (cash)	$4627.5	-37.5	$5875.0	$6047.5	$4340.0
Cocoa Futures (Mar)	£1040	+69	£744	£1040	£663
Coffee Futures (Jan)	$1264	+54	$968	$1297	$836
Sugar (LDP Raw)	$264.3	+5.8	$221.0	$317.4	$204.5
Barley Futures (Jan)	£103.15	+0.7	£131.50	£110.30	£101.50
Wheat Futures (Jan)	£99.65	+0.85	£133.40	£149.45	£99.65
Cotton Outlook A Index	55.10c	+0.10	52.75c	62.35c	54.15c
Wool (64s Super)	353p	-10	420p	403p	319p
Oil (Brent Blend)	$15.885x	+0.28	$19.375	$19.53	$15.605

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Jan.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$14.18-4.28	-0.07
Brent Blend (dated)	$15.30-5.33	-0.025
Brent Blend (Jan)	$15.87-5.90	-0.065
W.T.I. (1 pm est)	$17.14-7.17z	-0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$171-173	
Gas Oil	$170-171	-3
Heavy Fuel Oil	$59-61	
Naphtha	$149-152	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$378.60	+1.35
Silver (per troy oz)♣	472.0c	+3.5
Platinum (per troy oz)	$376.75	-2.25
Palladium (per troy oz)	$129.00	-0.5
Copper (US Producer)	79.0c	
Lead (US Producer)	32.75c	
Tin (Kuala Lumpur market)	11.88r	-0.02
Tin (New York)	213.50c	-3.50
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	118.23p	-0.70*
Sheep (live weight)†‡	86.85p	+1.29*
Pigs (live weight)†	65.55p	-6.68*
London daily sugar (raw)	$264.30	+6.6
London daily sugar (white)	$290.0	+4
Tate and Lyle export price	£291.0	+5.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120.5	
Wheat (US Dark Northern)	£185.0	
Rubber (Dec)♥	60.50p	
Rubber (Jan)♥	60.75p	
Rubber (KL RSS No 1 Jul)	207.0m	
Coconut oil (Philippines)§	$477.5v	+12.5
Palm Oil (Malaysian)§	$350.0w	+0.5
Copra (Philippines)§	$330.0	+7.5
Soyabeans (US)	£204.0w	
Cotton "A" index	55.10c	+0.5
Wooltops (64s Super)	353p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Jan. y-Dec/Jan. u-Dec. w-Nov/Dec. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ‡ Sheep prices are now live weight prices. * change from a week ago, provisional prices.

CRUDE OIL - IPE ($/barrel)	Latest	Previous	High/Low	
Jan	15.86	15.76	15.98	15.76
Feb	16.07	16.02	16.23	16.07
Mar	16.25	16.25	16.40	16.25
Apr	16.48	16.48	16.60	16.48
May	16.69	16.70	16.75	16.66
Jun	16.76	16.78	16.88	16.76
Aug	17.11	17.00	17.11	17.07
Sep	17.20	16.95	17.20	17.16
IPE Index	16.06	15.97		

Turnover 17026 (27510)

GAS OIL - IPE ($/tonne)	Close	Previous	High/Low	
Dec	166.00	166.50	168.25	165.75
Jan	164.75	166.50	166.25	164.50
Feb	163.50	164.50	164.50	163.50
Mar	162.25	163.00	162.50	161.75
Apr	160.75	161.25	161.00	160.00
May	161.00	160.75	161.00	160.50
Jun	161.75	161.25	161.25	161.00

Turnover 15674 (20949) lots of 100 tonnes

SUGAR - LCE ($ per tonne) White	Latest	Previous	High/Low	
Mar	277.30	270.00	279.00	276.20
May	277.60	280.50	278.50	277.60
Oct	271.30	272.90	273.30	270.90

Turnover 452 (1197) Paris- White (FFr per tonne): Dec 1656.03 Mar 1670.27

SPICES

Nutmegs prices were firm this week, reports Man Producten. Indonesian bwps ranged from US$800 to $1,000 a tonne, with shrivels at $1,000 to $1,200 and abcds $1,150 to $1,400. Indonesian mace was priced from $1,350 to $2,600 a tonne. Grenada defective nutmegs were reaching $1,100 a tonne and suns $1,700, while Grenadian mace was available at $1,875 a tonne, cif. Madagascan cinnamon was quoted at FFr6.80 a lb and Seychelles at $1,300 a tonne. Mexico spot pimento was offered at $2,600 a tonne, with shipment at $1,975. Jamaica spot was $2,300 a tonne and shipment $2,175.

No.7 RAW SUGAR - LCE (cents/lbs)	Latest	Previous	High/Low	
Mar	10.55	10.65	10.68	10.55
May	10.73	10.92		
Jul	10.94	11.17		

Turnover 205 (265)lots of 50 tonnes.

COCOA - LCE (£/tonne)	Close	Previous	High/Low	
Dec	996	978	998	972
Mar	1040	1019	1050	1016
May	1021	1005	1032	1007
Jul	1023	1004	1030	1003
Sep	1022	982	1028	1003
Dec	1002	983	1004	984
Mar	1005	986	1007	993
Jul	1013	993	1013	1009
Sep	1004	997	1004	1004

Turnover: 10431 (7952)lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 18 983.67 (986.90) 10 day average for Nov 19 936.45 (928.69)

COFFEE - LCE ($/tonne)	Close	Previous	High/Low	
Nov	1273	1287	1295	1270
Jan	1264	1300	1317	1263
Mar	1237	1256	1265	1236
May	1211	1229	1243	1210
Jul	1210	1227	1238	1219

Turnover: 5639 (4944) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 18 Comp. daily 72.44 (70.28) 15 day average 69.62 (69.43)

POTATOES - LCE (£/tonne)	Close	Previous	High/Low	
Apr	92.4	91.3	92.8	92.0
May	107.7	108.3	107.0	

Turnover 54 (15) lots of 20 tonnes.

FREIGHT - LCE ($10/index point)	Close	Previous	High/Low	
Nov	1274	1280	1275	1270
Dec	1267	1276	1276	1266
Jan	1278	1283	1285	1280
Apr	1299	1300	1306	1299
Jul	1155		1160	1155
Jan	1350	1370	1365	1350
BFI	1269	1294	1269	

Turnover 327 (154)

GRAINS - LCE (£/tonne)				
Wheat	**Close**	**Previous**	**High/Low**	
Nov	98.30	98.35	97.80	97.80
Jan	99.65	99.35	99.80	99.25
Mar	101.45	101.15	101.40	101.15
May	103.45	103.15	103.25	103.05
Sep	90.70	90.85	90.55	90.60
Nov	92.00	91.70	92.00	92.00
Barley	**Close**	**Previous**	**High/Low**	
Jan	103.15	103.70		
Mar	105.75	105.85		

Turnover: Wheat 253 (182) Barley 7 (7)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 29,847 lots
Cash	1042-43	1041-2		1041.5-42.5		
3 months	1063-63.5	1062-3	1070/1058	1063-63.5	1068-9	253,215 lots
Copper, Grade A ($ per tonne)						Total daily turnover 59,425 lots
Cash	1627-28	1619-20		1618.5-19		
3 months	1649-50	1641.5-2.0	1653/1642	1642-42.5	1659-60	202,836 lots
Lead ($ per tonne)						Total daily turnover 2,886 lots
Cash	400-01	397.5-8.5		399.5-400		
3 months	413.5-14	411-2	415/412	413.0-3.5	414-5	25,258 lots
Nickel ($ per tonne)						Total daily turnover 7,169 lots
Cash	4665-75	4610-5		4665-60		
3 months	4725-30	4770-1	4735/4660	4714-15	4735-40	46,465 lots
Tin ($ per tonne)						Total daily turnover 2,107 lots
Cash	4625-30	4580-90		4585-95		
3 months	4675-80	4630-5	4710/4635	4640-45	4690-700	14,175 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 15,182 lots
Cash	928.5-29.5	930.5-1.5	925.6	925-25.5		
3 months	946-47	948-8.5	949/943	943-43.5	948-8.5	79,410 lots

LME Closing £/$ rate:
SPOT: 1.4715 3 months: 1.4643 6 months: 1.4585 9 months: 1.4538

LME AM Official £/$ spot rate 1.4748

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	378.40-378.80	
Opening	378.40-378.80	
Morning fix	375.75	254.919
Afternoon fix	377.50	256.349
Day's high	379.00-379.50	
Day's low	374.50-374.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.69	6 months	2.70
2 months	2.70	12 months	2.71
3 months	2.70		

Silver fix	p/troy oz	US cts equiv
Spot	318.05	469.25
3 months	322.10	472.85
6 months	325.80	476.45
12 months	333.85	486.20

GOLD COINS	$ price	£ equivalent
Krugerrand	377.00-380.00	256.00-259.00
Maple leaf	388.80-391.25	-
New Sovereign	87.00-90.00	58.00-61.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1025	48	74	10	16
1050	32	57	19	24
1075	19	43	31	35
Copper (Grade A)	**Calls**		**Puts**	
1625	48	84	21	34
1650	34	60	32	44
1675	22	57	46	56
Coffee LCE	**Jan**	**Mar**	**Jan**	**Mar**
1150	134	132	10	45
1200	76	100	22	62
1250	35	76	43	85
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1600	44	65	48	55
1650	20	50	[illegible]	[illegible]
1700	11	26	[illegible]	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Nov	378.0	376.4	0	0
Dec	378.3	376.7	380.4	375.8
Jan	379.3	377.7	0	0
Feb	380.3	378.7	382.0	378.0
Apr	382.2	380.6	384.0	379.9
Jun	384.1	382.4	386.0	382.4
Aug	386.0	384.2	388.5	386.2
Oct	388.0	386.2	0	0
Dec	390.0	388.2	391.0	390.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Nov	383.0	383.0	0	0
Jan	380.0	378.6	381.0	377.5
Apr	381.7	380.2	382.5	379.0
Jul	382.6	381.1	383.0	380.3
Oct	384.0	382.6	384.5	384.5

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Nov	470.0	467.1	0	0
Dec	470.5	467.5	473.5	468.5
Jan	472.1	469.0	471.5	468.0
Mar	475.4	472.8	478.5	472.0
May	478.5	475.3	481.0	476.0
Jul	481.5	478.3	483.0	479.0
Sep	484.8	481.6	483.5	483.5
Dec	489.7	486.3	493.0	488.0
Jan	490.8	487.4	0	0
Mar	494.9	491.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	74.15	73.30	74.15	73.45
Dec	74.30	73.50	74.60	73.40
Jan	74.50	73.60	74.75	73.75
Feb	74.75	73.80	0	0
Mar	75.00	74.10	75.25	74.20
Apr	75.20	74.35	0	0
May	75.40	74.55	75.55	74.70
Jun	75.60	74.75	0	0
Jul	75.80	74.95	76.05	75.35
Aug	76.00	75.20	0	0
Sep	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Dec	16.66	16.69	16.88	16.45
Jan	17.10	17.10	17.28	17.09
Feb	17.30	17.38	17.50	17.28
Mar	17.56	17.57	17.67	17.48
Apr	17.71	17.76	17.82	17.66
May	17.84	17.86	17.92	17.82
Jun	18.00	17.99	18.06	17.93
Jul	18.10	18.10	18.15	18.10
Aug	18.21	18.21	0	0
Sep	18.37	18.33	18.37	18.37

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Dec	51.70	51.95	52.25	51.50
Jan	52.50	52.72	53.00	52.25
Feb	52.90	53.02	53.20	52.55
Mar	52.20	52.42	52.65	52.00
Apr	51.50	51.67	51.80	51.20
May	50.80	50.92	51.00	50.80
Jun	50.50	50.57	50.65	50.50
Jul	50.85	50.77	50.93	50.80
Aug	51.80	51.32	51.80	51.80
Sep	52.75	52.27	52.75	52.75

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1266	1210	1270	1218
Mar	1272	1239	1285	1242
May	1294	1257	1298	1260
Jul	1303	1276	1310	1280
Sep	1300	1282	1315	1300
Dec	1320	1287	1320	1300
Mar	1330	1297	1319	1304
May	1348	1310	1335	1321
Jul	1362	1319	1345	1338
Sep	1369	1326	1340	1340

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	75.30	78.05	78.05	75.25
Mar	78.15	81.05	81.00	78.10
May	79.75	82.35	82.00	79.75
Jul	81.25	83.60	83.35	81.25
Sep	82.70	85.00	84.50	84.50
Dec	85.00	87.45	86.70	86.00
Mar	87.90	90.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	10.35	10.44	10.45	10.32
May	10.52	10.59	10.59	10.49
Jul	10.57	10.65	10.61	10.55
Oct	10.50	10.56	10.58	10.48

COTTON 50,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	61.08	59.28	61.15	59.80
Mar	62.69	60.90	62.90	61.50
May	63.50	61.82	63.60	62.50
Jul	64.23	62.78	64.30	63.30
Oct	63.55	62.90	63.50	63.15
Dec	63.45	62.92	63.45	63.00
Mar	64.20	63.75	0	0
May	63.75	64.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	105.40	104.45	106.80	101.95
Mar	107.50	107.25	109.10	104.40
May	109.30	108.90	111.50	107.50
Jul	110.75	110.60	112.75	108.95
Sep	112.25	112.15	0	0
Nov	110.25	110.15	109.10	109.10
Jan	109.70	109.90	0	0
Mar	109.70	109.90	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov 19	Nov 18	mnth ago	yr ago
1630.7	1621.9	1583.3	1557.1

DOW JONES (Base: Dec. 31 1974 = 100)	Nov 18	Nov 17	mnth ago	yr ago
Spot	122.75	122.18	120.89	117.77
Futures	133.83	133.75	128.89	118.35

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	687/6	686/6	689/4	684/0
Mar	692/4	692/4	694/4	689/2
May	693/6	693/2	695/4	690/4
Jul	693/6	693/6	695/4	691/2
Aug	689/4	689/4	690/4	687/0
Sep	661/4	661/0	663/0	661/0
Nov	636/6	635/6	637/4	634/0
Jan	642/0	642/2	643/0	639/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	26.67	26.54	26.70	26.35
Jan	26.63	26.47	26.69	26.32
Mar	26.54	26.45	26.57	26.32
May	26.29	26.32	26.35	26.15
Jul	26.08	26.16	26.15	26.00
Aug	25.85	25.75	25.78	25.60
Sep	24.80	24.98	25.05	24.80
Oct	24.24	24.29	24.35	23.95

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	211.3	211.7	212.2	210.3
Jan	208.3	208.8	208.7	207.3
Mar	207.1	207.4	207.2	206.0
May	205.8	206.1	206.0	204.6
Jul	205.9	206.0	205.9	204.5
Aug	204.6	204.0	204.7	203.3
Sep	201.1	201.1	202.0	201.0
Oct	198.7	197.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	281/6	282/6	282/4	280/2
Mar	288/4	289/0	288/6	287/2
May	290/6	290/6	290/6	289/0
Jul	290/0	290/0	290/2	288/6
Sep	273/2	272/6	274/0	272/4
Dec	259/0	257/6	259/4	257/4
Mar	264/0	263/4	265/4	263/2

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	357/6	352/2	358/6	350/2
Mar	352/4	349/6	353/6	347/0
May	337/0	335/6	338/4	333/4
Jul	326/4	325/6	327/4	323/2
Sep	329/0	329/0	329/0	329/0
Dec	336/0	338/2	336/0	336/0
Jul	323/0	323/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	73.175	73.825	73.650	72.975
Feb	74.100	74.525	74.675	73.925
Apr	76.350	76.525	76.700	76.100
Jun	73.350	73.375	73.600	73.100
Aug	72.300	72.300	72.450	71.950
Oct	72.075	72.450	72.500	72.200
Dec	73.550	73.475	73.550	73.150

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	45.350	46.775	45.750	44.900
Feb	47.425	47.525	47.700	46.875
Apr	47.525	47.750	47.850	47.150
Jun	52.875	52.875	52.950	52.350
Jul	52.200	52.300	52.250	51.850
Aug	51.050	51.200	51.050	50.650
Oct	47.050	47.150	47.350	46.800
Dec	48.275	48.125	48.500	48.125

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	54.200	54.350	54.550	53.500
Mar	54.125	54.225	54.400	53.800
May	54.475	54.700	54.800	54.300
Jul	55.350	55.625	55.450	54.900
Aug	54.700	54.800	54.700	54.000

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Dollar gains on D-Mark, Yen

The US dollar made significant headway against the D-Mark yesterday, boosted by talk of Federal Reserve tightening and Bundesbank easing, *writes Conner Middelmann.*

In its annual country report on the US, the OECD called for an increase in the Fed Funds rate to 5 per cent by the end of next year and recommended the Fed should start tightening by Christmas.

"Whether or not the advice is taken, it serves to underline that interest differentials are likely to move sharply further in favour of the US dollar, both in the near term and over the course of 1994," predict analysts at Bear Stearns in London.

The dollar closed in London at DM1.7150, up from DM1.7110 on Thursday, but breached DM1.7180 in late inter-bank dealing. Against the Yen the dollar closed at Y108.30, up from Thursday's Y107.15.

According to Chris Turner, a currency strategist at BZW, German and US rates are likely to stand level by the end of 1994, stripping away any lingering short-rate support for the D-Mark and underpinning the dollar, which he expects to rise to around DM1.75 by the end of this year.

However, "as the dollar-bullish bandwaggon gathers pace, we are not inclined to get any more optimistic than that for the near term," he said. "The scope for the dollar to continue rallying on the short rate expectations theme is limited. Don't be surprised to see DM1.68, or even DM1.6650, before DM1.75."

Such a correction might be sparked by higher-than-expected German money-supply and inflation data, both of which are due next week.

M3 is expected to come in around the top of the Bundesbank's 4.5 to 6.5 per cent target range while inflation is expected to have slowed to around 3.7 per cent year-on-year from 3.9 per cent in October.

Sterling rose early in the day on the smaller-than-expected October UK trade gap with non-EC countries, but talk of a large cut in base rates at the November 30 Budget put a lid on sterling's upside and prompted some late profit-taking.

Mr Ian Shepherdson, UK economist at Midland Global Markets, expects sterling to trade nervously in a DM2.50-DM2.55 range ahead of Budget day.

Following recent encouraging inflation and earnings data, market talk has shifted to a one-point base rate reduction, from previous forecasts of a ½-point cut.

"If they cut the base rate by a point, sterling will dip initially but could gain more ground on prospects for further improvements in the real economy," said Mr Shepherdson.

£ IN NEW YORK

Nov 19	Latest	Previous Close
£ Spot	1.4715-1.4725	1.4760-1.4770
1 month	0.33-0.32pm	0.33-0.32pm
3 months	0.75-0.74pm	0.78-0.77pm
12 months	2.15-2.10pm	2.28-2.23pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov 19	Previous
8.30 am	81.0	80.9
9.00 am	81.0	80.9
10.00 am	81.1	80.9
11.00 am	81.1	81.0
Noon	81.1	81.0
1.00 pm	81.1	81.0
2.00 pm	81.1	81.0
3.00 pm	81.0	81.0
4.00 pm	81.0	81.0

CURRENCY RATES

Nov 19	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.940231	0.760512
US Dollar	3.00	1.38079	1.12252
Canadian $	4.46	1.83980	1.46608
Austrian Sch	5.25	16.7187	13.5241
Belgian Franc	5.50	50.3382	40.8231
Danish Krone	6.75	9.42200	7.62245
D-Mark	5.75	2.37616	1.92287
Dutch Guilder	5.25	2.66628	2.15669
French Franc	-	8.22861	6.66992
Italian Lira	8.5	2319.78	1882.32
Japanese Yen	1.75	148.746	121.176
[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 19	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.15669	-1.82	4.40	-
D-Mark	1.94964	1.92287	-1.37	3.92	-
Irish Punt	0.808628	0.801168	-0.92	3.45	6
Spanish Peseta	154.250	154.728	0.31	2.18	-2
Portuguese Escudo	192.854	195.037	1.13	1.35	-8
Belgian Franc	40.2123	40.8231	1.52	0.98	-11
French Franc	6.57883	6.66992	1.95	0.53	-16
Danish Krone	7.43679	7.62245	2.50	0.00	-17

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4690 - 1.4785	1.4715 - 1.4725	0.33-0.31cpm	2.61	0.77-0.74pm	2.05
Canada	1.9480 - 1.9640	1.9520 - 1.9530	0.29-0.23cpm	1.60	0.67-0.53pm	1.23
Netherlands	2.8265 - 2.8425	2.8275 - 2.8375	par-⅛cdis	-0.26	⅛-⅜dis	-0.35
Belgium	53.55 - 53.80	53.60 - 53.70	8-11cdis	-2.12	26-35dis	-2.27
Denmark	9.9800 - 10.0475	10.0000 - 10.0100	1⅞-2½oredis	-2.62	5⅝-7dis	-2.52
Ireland	1.0500 - 1.0585	1.0526 - 1.0536	0.04-0.06cdis	-0.57	0.15-0.19dis	-0.65
Germany	2.5225 - 2.5350	2.5225 - 2.5275	⅛-¼pfdis	-0.89	⅜-½dis	-0.69
Portugal	258.00 - 258.00	255.60 - 258.50	90-201cdis	-6.82	300-405dis	-5.51
Spain	202.75 - 203.80	202.75 - 203.05	55-65cdis	-3.56	175-192dis	-3.62
Italy	2465.25 - 2479.00	2471.00 - 2472.00	6-7lireds	-3.16	19-21dis	-3.24
Norway	10.9480 - 10.9980	10.9500 - 10.9600	1⅛-½ocpm	0.89	1⅞-⅞pm	0.50
France	8.7375 - 8.7825	8.7525 - 8.7625	⅝-⅞cdis	-1.03	2⅛-2¼dis	-1.17
Sweden	12.2275 - 12.3125	12.2725 - 12.2825	1½-2⅞oredis	-1.89	4½-5⅝dis	-1.65
Japan	159.00 - 160.00	159.00 - 160.60	½-⅜ypm	3.29	1⅞-1¼pm	3.29
Austria	17.70 - 17.82	17.68 - 17.72	⅛-1⅛grodis	-0.47	1¼-3¼dis	-0.62
Switzerland	2.2125 - 2.2275	2.2125 - 2.2225	⅛-⅛cpm	1.01	⅝-½pm	1.01
Ecu	1.3125 - 1.3170	1.3135 - 1.3145	0.09-0.15cdis	-1.10	0.35-0.43dis	-1.19

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.35-1.30pm. 12 Month 2.20-2.10pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4690 - 1.4785	1.4715 - 1.4725	0.33-0.31cpm	2.61	0.77-0.74pm	2.05
Ireland†	1.3920 - 1.4030	1.3985 - 1.3995	0.37-0.35cpm	3.09	0.98-0.95pm	2.76
Canada	1.3210 - 1.3300	1.3270 - 1.3280	0.10-0.12cdis	-0.99	0.24-0.30dis	-0.81
Netherlands	1.9155 - 1.9265	1.9230 - 1.9240	0.43-0.46cdis	-2.78	1.16-1.18dis	-2.43
Belgium	36.25 - 36.50	36.40 - 36.50	14.00-15.00cdis	-4.77	25.00-38.00dis	-3.46
Denmark	6.7850 - 6.8050	6.7950 - 6.8000	2.75-3.15oredis	-5.21	7.40-8.10dis	-4.56
Germany	1.7080 - 1.7180	1.7145 - 1.7155	0.45-0.46pfdis	-3.18	1.16-1.18dis	-2.73
Portugal	171.75 - 174.80	173.85 - 173.95	124-129cdis	-8.73	348-363dis	-8.18
Spain	137.50 - 138.25	137.75 - 137.85	69-73cdis	-6.18	192-200dis	-5.69
Italy	1670.75 - 1679.25	1678.75 - 1679.25	7.80-8.10liredis	-5.61	22.00-23.00dis	-5.36
Norway	7.4150 - 7.4475	7.4400 - 7.4450	0.85-1.20oredis	-1.65	2.85-3.15dis	-1.56
France	5.9275 - 5.9525	5.9475 - 5.9525	1.77-1.85cdis	-3.65	4.70-4.85dis	-3.21
Sweden	8.2850 - 8.3550	8.3375 - 8.3425	2.95-3.30oredis	-4.50	7.50-8.00dis	-3.72

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.4720	1.4688	1.4645	1.4588	1.4505
D-mark	2.5250	2.5262	2.5291	2.5311	2.5279
French Fr.	8.7575	8.7652	8.7625	8.7938	8.7933
Swiss Fr.	2.2175	2.2153	2.2121	2.2058	2.1903
Yen	159.50	158.87	158.24	157.05	154.61

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.472	2.525	159.5	8.758	2.218	2.833	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.679	1	1.715	108.4	5.950	1.507	1.925	1679	1.326	36.45	138.5	0.893
DM	0.396	0.583	1	63.17	3.469	0.878	1.122	979.0	0.773	21.25	80.75	0.520
YEN	6.270	9.229	15.83	1000.	54.91	13.91	17.76	15498	12.24	336.4	1278	8.238
F Fr.	1.142	1.681	2.883	182.1	10.	2.533	3.235	2823	2.229	61.26	232.8	1.500
S Fr.	0.451	0.664	1.138	71.91	3.949	1	1.277	1115	0.880	24.19	91.93	0.592
N Fl.	0.353	0.520	0.891	56.30	3.091	0.783	1	872.6	0.689	18.94	71.97	0.464
Lira	0.405	0.595	1.021	64.52	3.543	0.897	1.146	1000.	0.790	21.70	82.48	0.532
C $	0.512	0.754	1.294	81.71	4.487	1.136	1.451	1266	1	27.48	104.5	0.673
B Fr.	1.864	2.744	4.706	297.3	16.32	4.134	5.281	4608	3.638	100.	380.1	2.449
Pta	0.490	0.722	1.238	78.22	4.295	1.088	1.389	1212	0.957	26.31	100.	0.644
Ecu	0.761	1.120	1.922	121.4	6.666	1.688	2.156	1881	1.486	40.83	155.2	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

German M3, CPI eyed

Portugal joined the European rate-cutting party yesterday and lowered two key money market intervention rates by ⅛ point, *writes Conner Middelmann.*

The Bank of Portugal offered to inject seven-day funds at a fixed rate of 11.25 per cent in a securities repurchase tender, down from 11.375 per cent at the start of the previous period on November 12. In addition, it offered to drain funds with seven-day certificates at 10.25 per cent, down from 10.375 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The past week has seen money-market easing in the Netherlands, Belgium, Norway and Austria following Tuesday's nine basis-point cut in the Deutsche Bundesbank's rate for two-week securities repurchase agreements. The Bundesbank also set a fixed-rate 14-day repo at 6.25 per cent for this week, reinforcing market hopes for continued - albeit slow - easing.

Despite Tuesday's cut in the Nederlandsche Bank's special advances rate, the Dutch guilder's continued strength against the D-Mark and easier Dutch money-market rates spurred talk of another easing. However, the central bank left the rate unchanged at 6 per cent at its operation yesterday.

In Germany, all eyes are on next week's release of October M3 money supply and November inflation data. M3 is expected to come in around the top of the Bundesbank's 4.5 to 6.5 per cent target range while inflation is expected to have slowed to around 3.7 per cent year-on-year from 3.9 per cent in October.

Subdued M3 and inflation data could fan rate-cut speculation, despite comments from Bundesbank President Hans Tietmeyer who warned on Friday that "we now have to stay on the cautious side". He said the Bundesbank's recent rate cuts had already taken account of developments it expected to happen in the future.

In the UK money market, the short sterling futures contract eased 0.01 point in thin trade to 94.61.

The Bank of England forecast an early shortage of £1bn. In its market operations it purchased some £328m of bills and provided late assistance of around £510m. A small liquidity squeeze pushed the overnight interbank rate to around 6¼ per cent, but according to one trader, this should not be seen as an attempt by the Bank of England to quash rate-cut rumors.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov 19)	3 months US dollars	6 months US Dollars	
bid 3⅜	offer 3½	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.84	Three year	4.53
Broker loan rate	5	Two month	2.99	Five year	5.11
Fed.funds	2⅞	Three month	3.18	Seven year	5.34
Fed.funds at intervention	-	Six month	3.37	10-year	5.77
		One year	3.61	30-year	6.30
		Two year	4.18		

Nov 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.25-6.35	6.20-6.35	6.20-6.35	6.05-6.20	5.65-5.80	6.75
Paris	6¾-6⅞	6.56-6.71	-	6.38-6.53		6.45
Zurich	4½-4¾	4⅞-4⅞	-	4⅜-4½	-	-
Amsterdam	6.06-6.12	5.83-5.98	-	5.78-5.86	-	-
Tokyo	2⅞-2½	-	-	-	-	-
Milan	8¾-8⅞	8⅞-8⅞	-	8¾-8⅞	-	-
Brussels	-	7⅞-8	-	7⅜-7½	-	-
Dublin	6¼-6⅜	6¼-6⅜	6⅛-6⅞	6⅛-6⅞	5⅞-6	-

LONDON MONEY RATES

Nov 19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	6⅛	5⅞	5⅞	5⅝	5⅝
Interbank Bid	5¼	5¼	5⅞	5⅞	5¼	5¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4720	1.4688	1.4645	1.4588	1.4505

OPTION ON LONG-TERM FRENCH BOND (MATIF) (Nov 10)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
123	1.51	-	-	0.03	-	-
124	0.58	-	-	0.10	0.12	-
125	0.07	-	-	0.62	0.22	-
126	0.01	-	-	-	0.39	-
127	-	-	-	-	0.69	-
Open int	200,005	122,995	1,400	176,028	93,983	1,070

Estimated volume 32,441 † Total Open Interest 585,481
† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 17,1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	3,547,056,320	-	1,577,629,213
Bankers Deposits	1,500,109,455	-	54,931,970
Reserve and other Accounts	4,618,694,428	+	1,633,784,364
	9,680,413,203	+	1,223,181
ASSETS			
Government Securities	1,068,855,193	-	184,270,000
Advance and other Accounts	8,162,679,287	+	190,508,638
Premises Equipment & other Secs	443,636,981	-	1,194,340
Notes	5,048,990	-	3,799,185
Coin	132,752	-	21,932
	9,680,413,203	+	1,223,181
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,234,951,010	+	63,799,185
Notes in Banking Department	5,048,990	-	3,799,185
	17,240,000,000	+	60,000,000
ASSETS			
Government Debt	11,015,000		
Other Government Securities	7,518,138,845	+	363,284,106
Other Securities	9,710,846,055	-	303,284,106
	17,240,000,000	+	60,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	●Rea Brothers	6
Allied Trust Bank	6	Exeter Bank Limited	7	* Roxburghe Bank Ltd	8
AIB Bank	6	Financial & Gen Bank	7	* (In administration)	
●Henry Ansbacher	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Bank of Baroda	6	Girobank	6	●Smith & Williamson Secs	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	TSB	6
Bank of Ireland	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of India	6	Heritable & Gen Inv Bk.	6	Unity Trust Bank Plc	6
Bank of Scotland	6	●Hill Samuel	6	Western Trust	6
Barclays Bank	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Wimbledon & Sth West	7
●Brown Shipley	6	Julian Hodge Bank	6	Yorkshire Bank	6
CL Bank Nederland	6	●Leopold Joseph & Sons	6		
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (In administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £137¹¹⁄₃₂ (16No93)
Exchequer 10½% Stk 2005 - £126⅞ (17No93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £136⅞ .7625 ⅞ (16No93)

Corporation and County Stocks

Birmingham District Council 11½% Red Stk 2012 - £130¾ (15No93)
Sunderland(Borough of) 11¼% Red Stk 2008 - £131½ (16No93)

Foreign Stocks, Bonds, etc-(coupons payable in London)

Hungary,(Republic of) 7½% Stlg Bds(Assd Lon 1968 Sett) - £45
Abbey National Sterling Capital PLC11½% Subord Gtd Bds 2017 - £132⅞ϕ 3ϕ
Abbey National Treasury Servs PLC 7¾% Gtd Nts 1998 (Br £ Var) - £104⅞ ⅞ 5
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £105¼ 6
Abbey National Treasury Servs PLC 10½% Gtd Nts 1997 (Br £Var) - £112⅞
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £115⅛ (15No93)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £117¼
Associated British Ports Hldgs PLC 11⅞% Bds 2011 (Br £10000&100000) - £131½ (16No93)
BAA PLC 11¾% Bds 2016 (Br £10000&100000) - £139 ⅛ ⅞ (16No93)
BP Developments Australia Ld 11¼% Gtd Bds 2001 (Br £ Var) - £121⅛ (15No93)
Barclays Bank PLC 7.875% Undated Subord Nts (Br £ Var) - £98⅛ (12No93)
Barclays Bank PLC 9% Perm Int Bearing CapBds(RegIntMultt£1) - £102½ (12No93)
Barclays Bank PLC 9.875% Undated Subord Nts - £110ϕ
Barclays Bank PLC 12¾% Senior Subord Bds 1997(Br£Var) - £120⅜ (17No93)
Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) - £131¼
Bradford & Bingley Building SocietyCollared FltgRteNts 2003(Reg Mult£1000) - £101½
Bradford & Bingley Building SocietyCollared Fltg Rte Nts 2003 (Br £ Var) - £101¼ 101⅝ (12No93)
Britannia Building Society 10½% Bds 2000 (Br £10000&100000) - £116.35
British Gas PLC 7⅝% Nts 1997 (Br £ Var) - £104⅞ (15No93)
British Gas PLC 8¾% Bds 2003 (Br £ Var) - £107⅝ (17No93)
British Gas PLC 8⅞% Bds 2008 (Br £ Var) - £100¾

National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £103¾ ⅞ (15No93)
National Power PLC 10⅝% Bds 2001 (Br £10000&100000) - £118⅝ (17No93)
National & Provincial Bldg Society 8¼% Nts 1998 (Br £ Var) - £106⅞
National & Provincial Bldg Society 10¾% Subord Bds 2006/11 - £116⅞ (15No93)
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £123.45 ⅞ (17No93)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £121¼ (15No93)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £121⅝
Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) - £129½ (15No93)
Northern Rock Building Society 10⅜% Subord Bds 2018 (Br £ Var) - £116¾ (16No93)
Northumbrian Water Group PLC 9¼% Bds 2002 (Br £ Var) - £110⅞ ⅝ (15No93)
Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £106⅜ ¾
Pearson Sterling Finance PLC 10¾% Gtd Bds 2002 - £118¾ 9
Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br£10000&100000) - £125¾ (12No93)
PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £110⅜ ½
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £113¼
Prudential Realty Secs 111 Inc Gtd Zero Cpn Bds 15/1/99(Br$1000) - $74 74½ (16No93)
RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £126¾ (12No93)
Rank Organisation PLC 8⅜% Bds 2000 (Br £ Var) - £103⅞
Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £105 ¼ (17No93)
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £109¾
Royal Insurance Hldgs PLC 9⅝% Subord Bds 2003 (Br £ Var) - £108¼ (15No93)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br £5000&100000) - £129¼ ½ 30 (17No93)
Sears PLC 12½% Bds 1996(Br £1000,10000&100000) - £112½
Slough Estates PLC 11⅝% Bds 2012 (Br £ Var) - £126¼ ⅜
Smith & Nephew Finance N.V. 8¾% Gtd Red Cnv Prf 2004 (Br) - £109½ (12No93)
Smithkline Beecham Capital PLC 8⅛% Gtd Nts 1998 (Br £ Var) - £105⅞
State Bank of New South Wales Ld 7% Bds 1998 (Br $A Var) - $A103⅛ϕ
Sweden(Kingdom of) 8¾% Bds 1998(Br$5000) - £106½ (15No93)
Sweden(Kingdom of) 9½% Bds 1997(Br£1000&10000) - £101⅜ (15No93)
Sweden(Kingdom of) 11¼% Bds 1995(Br £5000) - £106⅞ (17No93)
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £111 1
Tesco PLC 8¾% Bds 2003(Br£Vars)(FyPd) -

...

(Br £ Var) - £105⅜ (17No93)
Ladbroke Group PLC 5⅛% Subord Cnv Bds 2004(Br£1000&5000) - £132¼
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £101½ ¾
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £128½ (17No93)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £103⅛ (15No93)
Leeds Permanent Building Society 10½% Subord Bds 1998 (Br£5000) - £113 (17No93)
Leeds Permanent Building Society 10½% Subord Bds 2018 (Br £Var) - £120½
Leeds Permanent Building Society 11½% Nts 1996 (Br £5000&100000) - £111¼ (16No93)
Leeds Permanent Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £102½ (17No93)
Lewis (John) PLC 10¼% Bds 2006(Br£1000&10000) - £117.425 (17No93)
Lloyds Bank PLC 10¼% Subord Bds 1998(Br£10000) - £112⅛ (12No93)
Marks & Spencer Finance PLC 7⅜% Gtd Nts 1998 (Br £ Var) - £103.9 (17No93)
Morgan Guaranty Tst Co of New York 12⅞% Dep Nts 1994(Br£1000&10000) - £100⅞ (15No93)
Morris(Philip)Credit Capital NV Zero Cpn Gtd Nts 1994(Br$1000) - $97⅛ (15No93)

Listed Companies(excluding Investment Trusts)

API Group PLC 3.85% Cum Prf £1 - 55 (17No93)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £98½ (15No93)
Aberdeen Trust PLC A Wts to Sub for Ord - 34
Aegis Group PLC 55% Cnv Cum Red Prf 1999 10p - 80½ (16No93)
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - $11⅞ϕ 11.97ϕ 12ϕ 12.1ϕ
Albert Fisher Group PLC ADR (10:1) - $8¾ (16No93)
Alexander & Alexander Services Inc Shs of Class C Com Stk $1 - £12⅛
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 70 (16No93)
Allied London Properties PLC 10% Cum Prf £1 - 106 (16No93)
Allied London Properties PLC 10¾% 1st Mtg Deb Stk 2025 - £124⅞ (16No93)
Allied-Lyons PLC ADR (1:1) - $8.38
Allied-Lyons PLC 5½% Cum Prf £1 - 64 5
Allied-Lyons PLC 7½% Cum Prf £1 - 86 (15No93)
Allied-Lyons PLC 5¼% Uns Ln Stk - £80 (15No93)
Allied-Lyons PLC 6¼% Uns Ln Stk - £71½ϕ
Allied-Lyons PLC 7½% Uns Ln Stk - £90 (15No93)

...

RULE 535 (4) (a)

Cape Range Oil A$0.84 (16/11)
Dainippon Screen Manufacturing Y579.85
Far East Hotels & Entertainment HK$1.48
Forest Laboratories $43ϕ (15/11)
Kulim Malaysia 84 (15/11)
Leighton Hldgs. A$2.46 (17/11)
Oil Search 33.5 (16/11)
Regal Hotels 11.0 (17/11)
Regent Mining 14.8 (16/11)
Selangor Coconuts 195 (15/11)
Storer Communications SK570.5 (16/11)
United Overseas Land S$1.65 (17/11)
Walhalla Mining Co. 6.0 (12/11)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LONDON STOCK EXCHANGE

Seaq problems distort weak market

By Terry Byland,
UK Stock Market Editor

A DIFFICULT week on the UK stock market came to an unhappy close yesterday when nervousness over the outlook for US markets was compounded by problems with the Stock Exchange electronic reporting system. Share price quotations, and therefore calculations of market indices, were "indicative only" from 9.45am to 2.00pm, causing postponement of the expiry of the November FT-SE Traded Option and considerable disruption to trading.

These technical mishaps tended to mask the market's increasingly concern over reports that the Organisation for Economic Cooperation and Development had called for a two point rise in US interest rates. Weakness in US bonds unsettled sentiment in London at the close of business.

Account Dealing Dates		
*First Dealings:		
Nov 1	Nov 15	Nov 29
Option Declarations:		
Nov 11	Nov 25	Dec 9
Last Dealings:		
Nov 12	Nov 26	Dec 10
Account Day:		
Nov 22	Dec 6	Dec 20

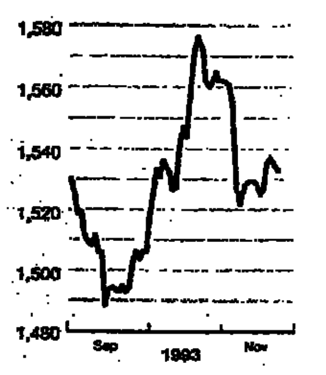
*New time dealings may take place from two business days earlier.

At 3,108.0, the FT-SE Index, down 17.5 on the day, was above the worst. But traders agreed that the period of more than four hours without firm screen price quotations had cast doubts on the reliability of the final picture. The FT-SE Mid 250 Index, more closely linked to direct telephone negotiations on share prices, continued to advance, gaining 2.8 to 3,455.3. Seaq volume totalled 514.4m shares, down from 706.3m in the previous session.

Share prices were easier from the market opening and by the end of the session, the Footsie had retained less than nine points of the week's gain.

"The stock market has achieved very little over a week that brought excellent news on domestic inflation and employment as well as the success of the NAFTA vote in the US," said the head dealer at one leading securities house.

FT-A All-Share Index



The government bond market had a quiet session, however, making little response to the late weakness in US Federal bonds. Short-dated gilts eased back a touch but hopes for a base rate cut were not seriously challenged. The longer end also closed a shade easier as the market digested this week's flow of economic data.

Uncertainty in the US bond-market, quickly reflected in a fall of 11 Dow points on Wall Street during London hours, brought falls across the range of US-influenced stocks. While losses were mostly small, there was little joy among pharmaceuticals, oils and the conglomerates.

Domestic stocks, which benefited earlier in the week from the improved October Retail price index, were also lacking supporters yesterday.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing Price	Day's change
[illegible]			
Inchcape†	1,300	500	+1
Johnson Matthey	102	458	-12
Kingfisher†	958	672	-2
Kwik Save	900	584	+7
Ladbroke†	2,300	160	+1
Land Securities†	1,036	725	-3
Laporte	539	659	-6
Legal & General†	475	493	+4
Lloyds Abbey	458	425	
Lloyds Bank†	4,500	580	
LASMO†	3,700	130	+1
London Elec.	223	601	+8
Reuters†	1,000	1627	-27
Rolls Royce†	3,200	164½	-2½
Ryl Bk Scotland†	1,500	370	+2
Royal Insurance†	1,600	298	-7
Sainsbury†	2,900	391	+5
Schroders†	14	1210	
Scottish & New.†	506	474	-1
Scot. Hydro-Elect.	853	402	+3
Scottish Power†	1,800	411	+4
Sears†	2,700	119	
Sedgwick	1,300	191	+5
Seeboard	45	645	+5
Severn Trent Water†	1,100	541	+8
Shell Transport†	1,800	687	-5½
Utd Newspapers	145	532	+1
Vodafone†	2,000	524	-11
Warburg (SG)†	317	830	-11
Wellcome†	2,400	633	-16
Welsh Water	111	641	+7
Wessex Water	137	635	+2
Whitbread 'A'†	466	514	-5
Williams Hldgs.†	3,000	323	-2
Willis Corroon	649	233	+4
Wimpey	1,100	173	+1
Wolseley†	625	729	+1
Yorkshire Elect.	151	627	+1
Yorkshire Water	234	523	+8
Zeneca†	1,100	772	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

Banking sector switch

TURNOVER in the banks sector of the market was given a substantial boost by a series of big switching operations involving Abbey National and Lloyds Bank.

The switch involved heavy selling of Lloyds Bank and buying of Abbey National with institutions said to have been keen on buying Abbey because of its defensive qualities and a perceived pick up in the UK housing market.

The market was said to have been happy to accommodate the selling pressure in Lloyds because of follow through buying interest in the bank triggered by the recent bullish note on the bank published by BZW.

By the close, Abbey shares were only marginally up at 409p but easily outperformed a generally easier banks sector and a notably weak FT-SE 100 index. Turnover in Abbey reached 2.7m Lloyds Bank, sustained by BZW's positive stance, held at 580p with turnover an above-average 4.5m.

ICI bucks trend

Chemicals giant ICI bucked a lacklustre trend in London after a strong performance in New York on Thursday night and encouraging comments from some sector analysts.

Smith New Court reiterated a buy recommendation, arguing that ICI was not saddled with the same problems that bedevilled other leaders in the sector. Mr Charles Lambert, of Smiths, said: "The message coming out of ICI contrasts with that of BOC and Courtaulds – the steadily improving trend appears to be still there." UBS was also said to be recommending the stock. The shares had risen ⅛ to $40⅝ late on Thursday and picked up 10 in London to 686p yesterday. Meanwhile BOC rallied 6 to 618p after a sharp slide earlier in the week. Courtaulds recovered 3 to 433p.

SmithKline easier

Pharmaceuticals group SmithKline Beecham fell sharply after US brokerage Wertheim Schroder published a critical piece of research on the company which contained a 'strong sell' recommendation.

Analyst Dr Jonathan Gelles said: "I think the main concern we have is a judgment that the consensus forecasts for the portfolio of new products are unachievable. We are particularly concerned about the company's anti-arthritic drug, Relafen."

Dr Gelles cut his pre-tax forecast for 1994 by about £90m to £1,110m and slashed his earnings per share estimate by 5 per cent to 26.9p. He believes SmithKline 'A' shares could fall to 330p. The 'A' shares fell 22 at worst but marketmakers said another US house, Alex Brown, had issued a buy note and the stock recovered to close 9 lower at 402p on good turnover of 6.4m shares.

The weakness affected other leading pharmaceuticals sector stocks. Glaxo fell 8 to 643p and Wellcome shed 16 to 633.

Hanson avoided the weakness within the market, closing marginally firmer at 281p.

TSB dropped to 214p, depressed by one marketmaker cutting what was viewed around the market as a bad book in the stock, but later stabilised to close 4¼ off at 215p on heavy turnover of 215p after another broking house moved in to pick up what is said was cheap stock.

Some big switching out of HSBC 75p stock into the HSBC $10 stock saw the 75p's close 5 higher at 738p on 5.7m and the HK$10's settle 6 firmer at 749p on 3.2m.

The market was said to have been dismayed with new business figures released by Prudential whose shares fell 6 to 332p

A fresh bout of straight selling pressure and switching operations, triggered by last week's disappointing third quarter figures left General Accident a further 10 off at 661p.Commercial Union were on the buy side of the switch but nevertheless closed 8 off at 597p after turnover of 1.6m.

News that British Gas would make an important market announcement at 12.30pm yesterday triggered a nervous 45 minutes for dealers in the company's shares.

In the event the news, detailing the sale of Gas's 85 per cent stake in Consumers Gas of Toronto and other interests in Alberta, for around £615m, prompted signs of relief around the City's trading desks but no real action in the shares.

They settled a further 3¼ off at 321½p after unremarkable turnover of 7.9m shares. The fall in the stock was attributed, according to energy specialist, to a follow-through of selling after Gas's disappointing figures released on Thursday. The Canadian sale was described by one analyst as "a strategic u-turn."

Container group Tiphook rose 19 to 63p after announcing that it had agreed outline terms for the cash sale of its core container division to Transamerica Corp. The proposed purchase price is £830m less associated debt, which will not exceed £119m to be assumed by Transamerica.

Plans for new ownership rules are expected to be unveiled soon, which could lead to a bout of takeovers among ITV network broadcasters. The department of Heritage disappointed those who had hoped for an announcement yesterday on media ownership rules. However Anglia Television rose 8 to 429p, LWT (Holdings) 4 to 503p, and Central Independent Television 27 to 2085p. Carlton Communications improved 5 to 760p.

The flotation of Gartmore, the investment management group and one of the leading fund managers in the UK, proved a disappointment. The shares, offered and placed at 168p, slipped back in early trading but later rallied to close at 170p on 11m shares.

Ross Group, importer and manufacturer of electrical and electronic products, slumped 6 to 16p after announcing that trading conditions last month were worse than expected.

Office furniture distributor Black Arrow fell 8 to 31p after announcing interim profits of only £346,000 down from £1.55m last time and a halved dividend of 0.5p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

■ Other statistics, Page 11

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (66).

OTHER FIXED INTEREST (1) BANKS (1) Anglo Irish, BREWERS (1) Burtonwood, BLDG MATLS (6) Blue Circle, Marshalls 6¾pc Pf., Shaw (A), Travis Perkins, Wolseley, CONGLOMERATES (4) Hanson, Do Wts., Do 9¾pc Cv., Lonrho, CONTG & CONSTRCN (1) Lon. & Clydeside, ELECTRICALS (2) Denmans, Hiclare, ELECTRONICS (3) Kewill Systems, Lynx, ENG GEN (6) Bridon, Dobson Park, Haden MacLellan, Hill & Smith, Renold, FOOD MANUF (1) Kanzal, HEALTH & HSEHOLD (1) Utd. Drug, HOTELS & LEIS (4) Bristol Scotts, Castle Comms., INV TRUSTS (18) Abtrust Prfd. Zero Pf., Castle Calm Wts., Drayton Korea, Do Wts., Exmoor Dual Zero Pf., Fleming Chinese, Flmg. Emrg. Mkts., F & C Emrg. 8½pc '10, Henderson Euro. Zero Pf., Ivory & Sime Cap., JF Pacific Wrt., Jupiter Euro. Zero Pf., Pantheon Wts., River Plate Zero Pf., St Davids Zero Pf., Siam Selective Gwth., Sphere Zero Pf., Whitbread Inv., MEDIA (4) Anglia TV, Flextech, GWR, Metal Bulletin, MISC (3) Attwoods, Sothebys Inc., OIL & GAS (2) Pict, Presidio, OTHER INDLS (2) Headway, Wishaw, PACKG, PAPER & PRINTG (2) De La Rue, Filofax, PROP (1) Warner Est., STORES (4) Cantors, Carpetright, GUS, Stylo, TELE NETWORKS (1) Securicor, TRANSPORT (3) Brit. Airways, Do 9¾pc Cv., Dawsongroup.

NEW LOWS (20).

BREWERS (3) Macallan-Glenlivet, Merrydown, BUSINESS SERVS (1) Proudfoot, CONGLOMERATES (1) Bibby (J), CONTG & CONSTRCN (1) Westport, ENG GEN (2) 600 Grp., Weir, FOOD MANUF (1) Berisford Intl., FOOD RETAILING (1) Merchant Retail, HOTELS & LEIS (1) European Leis., MEDIA (2) Blenheim 8.4pc Pf., Goodhead, MTL & MTL FORMING (2) Sycamore, Triplex Lloyd, MISC (3) Black Arrow, Ross, Shanks & McEwan, OIL & GAS (1) Arcon, PACKG, PAPER & PRINTG (1) Field, TEXTS (1) Horace Small Apparel.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Amber Day	56	+	4
Burtonwood	182	+	7
Filofax	158	+	8
Flextech	269	+	9
HTV	91	+	6
Lonrho	138½	+	5
Lynx	45	+	8
RPC	156	+	6
Sotheby's A	1000	+	50
Tiphook	63	+	19

Falls			
Amstrad	39½	-	3½
Automated Sec	128	-	7
Black Arrow	31	-	8
Development Sec	33½	-	3
Pittencrieff	402	-	14
Proudfoot	59	-	8
Ross Group	16	-	6
Sherwood Computer	90	-	10
Yorkshire Chem	395	-	18

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES trading was severely upset yesterday by the effective failure of the Seaq electronic reporting network, writes Terry Byland. The inability of marketmakers to update price meant that screen quotations became indicative only, making it impossible to calculate the market indices on which so much futures trading depends.

Expiry of the November Footsie Traded Option, due at 10.30, had to be postponed until 2.30, to the anger and dismay of traders who had to try to engineer their closing positions without knowing where the market was standing.

"An absolute mess. Fred Karno's circus," commented one leading house.

The December contract on the FT-SE Index had a similarly disruptive session, closing finally at 3,111, a premium of only about 3 points over cash and at a discount to the estimated Fair Value premium of 6½ points. Volume was good, with nearly 12,000 contracts traded, although arbitrageurs had difficulty in completing trades.

FINANCIAL TIMES EQUITY INDICES

	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Year ago	* High	* Low
Ordinary share	2357.6	2371.4	2363.8	2347.9	2346.4	2035.9	2414.2	2124.7
Ord. div. yield	3.95	3.93	3.93	3.96	3.96	4.53	4.52	3.82
Earning yld % full	4.62	4.57	4.60	4.63	4.62	6.33	6.38	4.47
P/E ratio net	27.11	27.39	27.23	27.04	27.11	20.13	28.30	19.40
P/E ratio nil	25.15	25.41	25.26	25.08	25.14	18.59	26.14	18.14
Gold Mines	245.3	245.6	242.5	246.9	243.2	64.3	249.6	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Base Ordinary share 1/7/35, Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2369.3	2363.7	2363.9	2364.5	2370.3	2369.8	2360.9	2360.4	2358.9	2370.8	2357.6

Volume	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Year ago
SEAQ Bargains	25,275	27,609	28,725	27,404	28,523	26,527
Equity Turnover(£m)†	-	1552.5	1453.2	1322.4	1050.0	1009.0
Equity Bargains†	-	31,706	31,559	31,353	32,026	30,470
Shares traded (ml)†	-	603.9	565.5	570.5	472.1	475.7

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday November 19 1993

Gold Mines Index	+	283.88
Property	+	70.30
Merchant Banks	+	60.80
Engineering-Aerospace	+	56.56
Metals & Metal Forming	+	42.12
Banks	+	39.16
Contracting, Construction	+	38.45
Electricity	+	37.93
Building Materials	+	37.13
Financial Group	+	35.28
Investment Trusts	+	29.77
FT-SE SmallCap	+	28.57
FT-SE SmallCap ex Inv Tst	+	26.92
Motors	+	21.91
Oil & Gas	+	21.22
Capital Goods	+	20.97
FT-SE Mid 250	+	20.69
Telephone Networks	+	20.51
Engineering-General	+	20.17
FT-SE Mid 250 ex Inv Tst	+	20.09
Media	+	19.41
Electronics	+	19.26
Transport	+	17.61
Conglomerates	+	17.24
Other Groups	+	16.02
Insurance (Life)	+	15.13
Insurance Brokers	+	13.87
Stores	+	13.46
Packaging, Paper & Printing	+	13.33
FT-A All-Share	+	12.42
Electricals	+	12.26
Water	+	12.21
Textiles	+	11.59
FT-SE-A 350	+	11.57
Insurance (Composite)	+	9.58
FT-SE 100	+	9.19
Hotels & Leisure	+	8.53
"500" Share Index	+	8.16
Industrial Group	+	6.70
Business Services	+	6.20
Other Industrials	+	4.11
Chemicals	+	4.03
Food Manufacturing	+	0.01
Consumer Group	-	4.43
Brewers & Distillers	-	11.40
Health & Household	-	17.31
Food Retailing	-	25.08

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	119.2241	-1.278	6.77	6.67	6.50
BELGIUM		9.000	03/03	114.5500	-0.300	6.84	6.97	7.16
CANADA *		7.500	12/03	104.8000	-0.350	6.83	6.80	6.65
DENMARK		8.000	05/03	111.5300	+0.030	6.34	6.43	6.38
FRANCE	BTAN	5.750	11/98	101.8168	-0.134	5.32	5.40	5.44
	OAT	6.750	10/03	105.7700	-0.120	5.96	6.05	5.88
GERMANY		6.000	09/03	101.4500	+0.115	5.80	5.87	5.84
ITALY		10.000	08/03	103.8800	-0.220	9.60†	9.41	8.84
JAPAN	No 119	4.800	06/99	108.9895	+0.172	2.93	2.88	3.15
	No 157	4.500	06/03	106.9447	-0.273	3.53	3.54	3.73
NETHERLANDS		7.000	02/03	108.5300	-0.040	5.77	5.83	5.80
SPAIN		10.900	08/03	115.5500	-0.250	8.47	8.65	8.46
UK GILTS		7.250	03/98	104-21	+01/32	6.02	6.08	6.05
		8.000	06/03	109-06	-04/32	6.68	6.78	6.74
		9.000	10/08	118-01	-02/32	7.03	7.11	7.07
US TREASURY *		5.750	08/03	99-16	-05/32	5.82	5.89	5.24
		6.250	08/23	98-29	-20/32	6.33	6.20	5.82
ECU (French Govt)		8.000	04/03	111.5100	-0.120	6.34	6.46	6.33

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	11	31	36	222	72	96
Other Fixed Interest	6	0	9	26	5	44
Commercial, Industrial	222	305	894	1,299	1,384	4,425
Financial & Property	106	159	567	889	611	2,643
Oil & Gas	14	29	36	107	108	180
Plantations	0	0	9	1	4	40
Mines	34	23	83	182	180	334
Others	39	51	52	221	246	241
Totals	432	598	1,686	2,947	2,610	8,003

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 3108.0 -17.5 | **FT-SE MID 250** 3455.3 +2.8 | **FT-A ALL-SHARE** 1533.12 -6.25

	Nov 19	Day's change	Nov 18	Nov 17	Nov 16	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3108.0	-0.6	3125.5	3130.0	3097.5	2732.4	3.82	5.63	22.01	87.79	1134.07	3199.0 22/10	2737.6 19/1	3199.0 22/10/93	986.9 23/7/84
[illegible]															

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline 041-307 6530

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	111.0	116.9	+0.20	-
JRA/M&G Managed	137.5	144.8	+0.20	-
JRA/Scottish Amicable Mngd	128.1	134.9	-0.10	-
JRA/St James's Place Mngd	149.4	157.3	-0.20	-
Deposit	102.6	108.1		-
Far East	159.5	167.9	-1.80	-
Gilts	124.9	131.5		-
Greater European	134.7	141.8	+0.60	-
North American	147.9	155.7	-1.20	-
UK Equity	129.1	135.9	-0.10	-
Pension Funds				
JRA/M&G Managed cap	137.0	144.3	+0.20	-
JRA/M&G Managed acc	145.7	153.4	+0.20	-
JRA/Scottish Amicable Mngd cap	127.8	134.6	-0.10	-
JRA/Scottish Amicable Mngd acc	135.9	143.1	-0.10	-
JRA/St James's Pl Mngd cap	163.1	171.7	-0.30	-
JRA/St James's Pl Mngd Acc	173.3	182.5	-0.30	-
Deposit cap	101.8	107.2		-
Deposit acc	108.2	113.9		-
Far East cap	158.7	168.2	-2.00	-
Far East acc	169.6	178.6	-2.10	-
Gilts cap	120.4	126.8	+0.70	-
Gilts acc	128.0	134.8	+0.10	-
Greater European cap	136.8	144.1	+0.80	-
Greater European acc	145.5	153.2	+0.90	-
North American cap	149.1	157.0	-0.70	-
North American acc	158.5	166.9	-0.70	-
UK Equity cap	128.3	135.1	-0.30	-
UK Equity acc	136.4	143.6	-0.30	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6BD 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		725.0		-
Multi Gwth A Cap	462.8	487.1		-
Multi Gwth A Accum	735.1	773.8		-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Scottish Provident Group

6 St Andrew Sq, Edinburgh 031-556 9181
Scottish Provident Institution Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
With-Profits	106.8	112.5	-0.1	-
Managed	258.0	271.7	-0.4	-
Blue Chip	139.7	147.2	-0.9	-
Equity	270.0	284.4	-0.4	-
International	281.6	296.6	-0.1	-
Property	201.3	212.0		-
Fixed Interest	222.8	234.6	-0.1	-
Index-linked	185.8	195.5	-0.7	-
Cash	181.7	191.3		-
Money Market	119.5	125.9		-
American Performance	180.8	190.5	-0.4	-
Europe Performance	121.6	128.0	-0.2	-
Far East Performance	126.7	133.5	-0.2	-
Worldwide Performance	142.6	150.5	-0.7	-
Pension Funds				
With-Profits Ord	200.4	211.0	+0.1	-
Managed Ord	319.3	336.2	-0.7	-
Blue Chip Ord	147.0	154.9	-1.1	-
Equity Ord	334.9	352.6	-0.8	-
International Ord	346.2	364.5	-0.2	-
Property Ord	254.9	268.5	+0.1	-
Fixed Interest Ord	304.6	320.7	-0.1	-
Index-linked Ord	203.4	214.2	-0.6	-
Cash Ord	252.7	266.1		-
Building Society Ord	191.4	201.6		-
American Performance Ord	202.7	213.4	-0.5	-
Europe Performance Ord	116.8	123.0	-0.3	-
Far East Performance Ord	144.9	152.6	-0.3	-
Worldwide Performance Ord	168.7	189.6	-0.9	-

Scottish Provident Assurance Ltd Funds
(Formerly Prolific Life & Pensions Ltd)

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Adventurous Mngd	184.6	207.1	-0.1	-
Balanced Gwth Mngd	769.5	810.5	-1.3	-
Cautious Mngd	142.6	151.8	-0.2	-
Fixed Interest	457.8	482.5	+0.4	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sun Life Unit Assurance Ltd

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

to need ...
to proceed.
In the Ukraine, unable and Electricité de France, told the

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS
(3 pm)

November 19	US$	+or–
AAR Corp	13⅛	–⅛
AMP Inc	58½	–½
AMR Corp	69⅛	–⅝
ASA	48⅞xd	+2⅛
Abbott Labs	28	+⅛
Acme Cleveland	9⅞	+⅛
Advanced Micro	18⅞	+⅛
Aetna Life	58¾	–⅛
Aflac	36¼	–⅜
Ahmanson (HF)	17⅝	–¼
Air Prod & Chemical	43⅞	+⅜
Alberto-Culver B	20⅝	+⅛
Albertson's	24½	+½
Alcan Aluminum	21xd	+⅛
Alco Standard	46¾	–⅜
Alexander & Alex	18⅜	–⅛
Alex & Baldwin	24¾	–½
Allegheny Power	25⅝	–⅛
Allied Signal	71¼	–¼
Aluminum Co of Am	69¾	+1¼
Amax Gold Inc	7⅜	–⅛
Amdahl Corp	5	+¼
Amerada Hess	47⅛	–⅞
Amer Brands	33⅝	—
Amer Cyanamid	52¼	—
Amer El Power	38⅛	–¼
Amer Express	30¼	–½
Amer Genl Corp	27½	–½
Amer Greetings A	28⅝	+⅛
Amer Home Pr	63⅞	–⅛
Amer International	89⅛	+⅝
Amer Natl Ins	54½	–2½
Amer Stores	41	–⅛
Amer T & T	56	—
Ameritech	78¼	–1⅛
Ametek Inc	11¾	–⅛
Amoco	54⅞	–⅛
Analog Devices	22¾	+⅛
Anheuser-Busch	49	–¼
Aon Corp	51	–⅛
Apple Computer	33	–½
Archer Daniels	22½	—

November 19	US$	+or–
DQE	32½	–½
Dana Corp	55⅜	–1
Data General	9⅜	–¼
Dayton Hudson	73	+¼
Dean Witter Disc	36⅜	–1⅝
Deere	70⅜	–¼
Delmarva Powr & L	21⅝	–⅛
Delta Air Lines	59⅞	...
Deluxe Corp	34⅞	...
Detroit Edison	31¼	–¼
Dial Corp Del	37⅜	–½
Diebold Inc	58⅝	–⅛
Digital Comms	18¾	...
Digital Equipment	38⅜	–⅛
Dillard Dept St	40⅝	—
Disney (Walt)	38⅞	–⅝
Dole Food Inc	27¼	+¼
Dominion Res	45⅜	–⅛
Donnelley (RR)&Sons	28	+¼
Dover Corp	58½	–1⅛
Dow Chemical	57¼	–⅜
Dow Jones	36	+⅛
Dravo Corp	11¼	–⅛
Dresser	21	–⅛
Dreyfus Corp	44½	–⅛
Duke Power	41½	–⅜
Dun&Bradstreet	63¾	–1⅝
Du Pont	48⅝	–¼
E G & G Corp	18⅛	+⅛
E-Systems	42¼	–⅞
Eastern Enterprises	27	+⅛
Eastman Kodak	60¼	–½
Eaton Corp	51½	+⅜
Echlin Inc	33½	–⅛
Emerson Electric	65¾	–⅛
Engelhard Corp	24½	—
Enron Corp	31⅝	–⅛
Ensearch Corp	18⅞	+⅜
Entergy Corp	37¾	—

November 19	US$	+or–
Crane	27⅞	+⅜
Cray Research	26⅞	–¼
Crown Cork & Seal	38⅞	+⅛
Cummins Engine	48½	–⅛
Curtiss-Wright	32⅜	+⅛
Cypress Semicond	12¾	+⅛
Cyprus Amax Min	22⅞	–½
DSC Commun	58	—

November 19	US$	+or–
Johnson & Johnson	44	–½
K Mart	22¾	—
Kellogg	59⅝	–¼
Kennametal	39½	—
Kerr-McGee	48¾	–½
KeyCorp	34¾	–⅛
Kimberly-Clark	51½	–⅜
King World Prods	38	–⅛

INDICES

NEW YORK
DOW JONES

	Nov 18	Nov 17	Nov 16	Nov 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3685.34	3704.35	3710.77	3677.52	3710.77 (16/11)	3241.95 (20/1)	3710.77 (16/11/93)	41.22 (2/7/32)
Home Bonds	109.01	108.93	109.03	109.28	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1733.06	1731.99	1759.98	1753.14	1759.98 (16/11)	1453.84 (4/1)	1759.98 (16/11/93)	12.32 (8/7/32)
Utilities	225.15	225.02	226.40	222.45	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3721.95 (3749.90) Low 3649.57 (3660.19) (Theoretical♠)
Day's High 3704.35 (3718.04) Low 3668.02 (3684.51) (Actual♠)

STANDARD AND POOR'S

	Nov 18	Nov 17	Nov 16	Nov 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	463.62	464.81	466.74	463.75	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	537.56	538.82	540.25	537.17	540.25 (16/11)	496.48 (26/4)	540.25 (16/11/93)	3.62 (21/6/32)
Financial	43.16	43.33	43.75	43.51	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	256.20	256.81	257.80	256.58	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt. Value	469.54	472.54	474.73	477.82	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Composite	754.34	762.38	771.69	772.45	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

	Nov 12	Nov 5	Oct 29	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.77	2.79	3.20

	Nov 17	Nov 10	Nov 3	year ago (approx.)
S & P Industrial div. yield	2.38	2.40	2.41	2.65
S & P Indl. P/E ratio	28.88	28.69	28.61	27.72

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
FPL Group	18,730,800	37⅛	-⅜
Chevron	10,462,500	89¾	-4¼
Telefonos	7,424,300	57⅛	+⅜
Merck	5,875,900	34½	+½
Gen Motors	4,598,500	54⅝	+⅞
Amer Barrick	3,589,400	27¾	-1½
Wal-Mart Strs	3,873,600	29¾	-½
Conner Periph	3,408,800	13⅞	+1⅞
Tiphook	2,899,600	1⅜	-¼
Paramount	2,876,300	76¾	-¼

TRADING ACTIVITY

† Volume (Millions)	Nov 18	Nov 17	Nov 16
New York SE	273.150	311.277	298.628
Amex	15.223	20.057	16.246
NASDAQ	(u)	359.613	312.690
NYSE			
Issues Traded	2,671	2,684	2,691
Rises	781	770	1,066
Falls	1,266	1,302	1000
Unchanged	624	612	625
New Highs	36	64	72
New Lows	61	57	52

CANADA
TORONTO

	Nov 18	Nov 17	Nov 16	Nov 15	1993 HIGH	1993 LOW
Metals & Minerals	3241.32	3197.15	3193.46	3159.84	3241.32 (18/11)	2743.31 (21/1)
Composite	4234.70	4236.50	4257.20	4261.80	4302.80 (12/11)	3275.80 (21/1)
MONTREAL Portfolio	2011.14	2007.77	2007.77	2017.09	2027.41 (11/11)	1720.87 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Further rise in bond yields hits Dow

Wall Street

ANOTHER big rise in bond yields pushed US share prices lower across the board yesterday morning, *writes Patrick Harverson in New York*.

At 1 pm, the Dow Jones Industrial Average was down 10.34 at 3,675.00. The more broadly based Standard & Poor's 500 was 1.76 lower at 461.86, while the Amex composite was down 1.40 at 468.15, and the Nasdaq composite off 1.41 at 752.93. Trading volume on the NYSE was 187m shares by 1 pm.

US stock markets ended a difficult week on a downbeat note. Although fear that the House of Representatives would reject Nafta gave way to relief at its comfortable passage on Wednesday night, the steady rise in long-term interest rates meant that any celebration was short-lived.

Once again bond prices were in retreat. This time it was a combination of economic news – rising imports and exports in September widened the monthly trade deficit to $10.9bn – and heavy selling of Treasury-bond futures that undermined bonds. By early afternoon the benchmark 30-year bond was down well over a point, and the yield was up to 6.34 per cent, the highest level since mid-August.

The rise in bond yields upset stocks, which had posted steady declines throughout the morning. At one stage, under the additional pressure of technical selling related to the expiration of stock and stock index futures and options, the Dow was almost 30 points lower and remained firmly rooted in negative territory by early afternoon.

Several leading Dow constituents posted big declines: United Technologies fell $2¼ to $62⅝, Caterpillar dropped $1 to $84⅞, McDonalds fell $1⅛ to $55⅛ and IBM gave up $⅝ at $51⅞.

Bank stocks were under pressure because of rising long-term interest rates. Citicorp eased $1 to $34, JP Morgan gave up $¼ at $69½, Chemical fell $⅞ to $36½ and Wells Fargo slipped $1⅞ to $115⅞.

Chevron, which fell sharply on Thursday on the news that Pennzoil had sold almost half its stake in the company, rebounded $¾ to $89⅞.

General Mills fell $1½ to $61⅞ after the broking house, Dean Witter Reynolds, cut its earnings estimate, citing the intense competitive environment in the food industry.

In spite of the markets' weakness the retailer, Talbots, made a successful debut. Floated at $19.50 a share, the stock was trading at $23¼ in volume of 6m shares by early afternoon.

On the Nasdaq market, Ornda Healthcorp fell $⅞ to $13¼ after saying that it would merge with American Healthcare Management, up $⅛ at $7¼, in a deal valued at $400m.

Canada

TORONTO was relatively flat in aggregate in quiet midday trade, with gains in gold issues offset by losses in communications and transportation.

The TSE 300 composite index was up 2.44 at 4,237.18 in turnover of 36.4m shares valued at C$472.90m.

EUROPE

Stockholm follows US chop for Ericsson

TRANSATLANTIC relationships, and the attraction of them came in for a hammering in Sweden yesterday, *writes Our Markets Staff*.

STOCKHOLM dropped 2.6 per cent in heavy trading as US disappointment with Ericsson on Thursday night brought the B shares down SKr55, or 13.3 per cent to SKr358.

Turnover was SKr3.29bn, up from SKr1.76bn, and SKr1.75bn of yesterday's business was done in Ericsson B alone. The telecommunications group forecast that profits would "somewhat more than double" this year.

Ericsson brought most shares down along with it but Investor, the Wallenberg holding company which takes in the Saab-Scania industrial interests, fell SKr6 to SKr147 on a slump in nine-month profits, while good Thursday progress reports from Skandia, and Volvo, saw the insurer, and the carmaker up SKr2 at SKr184, and SKr1 at SKr423.

FRANKFURT extended Thursday afternoon's downtrend, the DAX index closing 5.23 lower at 2,077.37 on the session, still 3.1 per cent higher on the week, and trailing off in the post-bourse where it finished at an Ibis-indicated 2,072.13.

Turnover rose from DM9bn to DM9.1bn. Mr Nigel Longley, an institutional adviser at Commerzbank in Frankfurt, said that a number of "end investors" – institutions, rather than traders – were scared away by yesterday's options expiry, which can make prices volatile.

There was some profit-taking: Porsche, higher on the dollar earlier this week, lost DM20 to DM765 and Kaufhof, which had seen switching out of Karstadt, fell DM15 to DM543.50.

In blue chips, BASF and Bayer looked ahead somewhat dolefully to next week's autumn press conferences, showing falls of DM5.70 to DM268.50, and DM5 to DM326.70 respectively in the London afternoon.

There was more late action in the pharmaceutical group, Schering, which slid DM14.00 to DM1,051 on the session and continued downward until it hit DM1,038 at the end of after-market trading. Barclays de Zoete Wedd Research said yesterday that revenue estimates for the company's Betaseron multiple sclerosis treatment may not live up to expectations.

AMSTERDAM kept a watchful eye on KLM after it was reported that the airline was to meet with the government last night. There were suggestions in the market that this might signal a break through in the Alcazar talks and the airline's shares hit a day's high of Fl 41.50 before falling back a little to close up 80 cents at FL 40.50.

The CBS Tendency index lost 0.3 to 137.2, a week's gain of 1.3 per cent, as options related volatility affected trading in the afternoon.

PARIS found little incentive and the CAC-40 index closed down 4.44 at 2,145.23, up 2.3 per cent on the week.

Turnover was some FFr3.3bn.

LVMH remained in the news, the shares up FFr30 at FFr3,800, as the group announced a re-organisation of its champagne division.

News of a sharp decline in Ericsson was claimed to have depressed sentiment in Alcatel Alsthom, a competitor in the telecommunications sector, with the shares seeing a low of FFr746 before closing off FFr5 at FFr752.

MILAN was subdued ahead of this weekend's local elections although activity was seen, particularly in the finance and banking sector.

The Comit index lost 3.75 to 544.31, little changed on the week.

Among the banks, news that Cassa di Risparmio di Parma e Piacenza (Cariparma) was holding discussions on the possible purchase of Credito Commerciale from Monte dei Paschi di Siena excited interest. Credito Commerciale, which was suspended on Thursday ahead of the announcement, closed at L6,300, up L3,160. Cariparma said that it would offer L6,400 per share under the terms of the deal.

MADRID closed lower, but turnover was a bigger feature than share prices on the day as it soared from Pta43.2bn to Pta58bn on the expiry of futures contracts. The general index fell 1.63 to 304.53, 1.5 per cent higher on the week.

One share that mattered, *Nissan Iberica*, remained suspended as the carmaker's Japanese parent said that it was proposing to buy out the near-30 per cent minority in its lossmaking Spanish unit. The most active stock of the day was Iberdrola, at Pta385, up Pta13 after strength in the utilities sector earlier in the week.

BRUSSELS fell back after recent record gains as some investors decided it was an opportunity to take profits ahead of the weekend. The BEL-20 index shed 3.03 to 1,405.8 in turnover of BFr2.8bn.Solvay lost BFr225 to BFr14,175.

HELSINKI noted a sharp fall in Nokia as the effects of Ericsson's results spilled over into the market. The Hex index fell 17.0 to 1,555.9, down 1.6 per cent on the week, with Nokia down FM22 at FM299.

Written and edited by William Cochrane and John Pitt.

FT-SE Actuaries Share Indices

November 19 — THE EUROPEAN SERIES

Hourly changes	Open	10.30†	11.00†	12.00†	13.00†	14.00†	15.00	Close
FT-SE Eurotrack 100	1362.34	1362.10	1361.64	1364.95	1364.65	1361.22	1360.18	1360.53
FT-SE Eurotrack 200	1421.91	1422.26	1422.10	1424.92	1424.45	1422.63	1418.55	1420.27

	Nov 18	Nov 17	Nov 16	Nov 15	Nov 12
FT-SE Eurotrack 100	1367.52	1363.56	1353.29	1347.91	1339.42
FT-SE Eurotrack 200	1427.61	1423.11	1416.29	1413.86	1402.18

Base value 1000 (26/10/90) High/day: 100 - 1362.34; 200 - 1421.91 Low/day: 100 - 1358.70 200 - 1417.97 †Indicative.

SOUTH AFRICA

INDUSTRIAL shares extended their gains and the index finished up 46 at 4,901, for a week's rise of 6 per cent. The gold index added 7 to 1,928 and the overall index 34 to 4,239.

SAB shed 75 cents to R72.50.

Mexico looks deeper into Nafta prospects

Damian Fraser sees a varied effect on companies

The North American Free Trade Agreement should boost Mexican equity values over the long run, but not all companies stand to gain from the pact.

Since the beginning of November, when investors began to conclude that Nafta's passage was probable, the bolsa has gained about 8 per cent. Yesterday the market was nearly 1 per cent off at midsession at 2,146.

The market rose strongly in the run-up to the vote, largely because Nafta is expected to lift the economy. The agreement should attract capital, lower interest rates, and raise economic growth. Mr Jay Peloski, of Morgan Stanley, reckons that the agreement should add 1 percentage point to Mexico's economic growth rate in the long run.

The agreement also makes the risk of a sudden reversal in economic policy less likely, and may lead to a partial closing of valuation differences between Mexico and the US, as Mexico is considered more mature, and less like an emerging market. Mr Jorge Mariscal of Goldman Sachs reckons that the current market p/e of about 12, excluding Telmex, should soon rise to about 15.

US investors may be more comfortable about investing in Mexico with the trade pact in place. "There will be bucketfuls of US institutional money coming into the market as Mexico becomes part of the North American economy," predicts Mr Javier Muñoz de Baeza, head of LMB, the Mexican money managers. US institutions, says Morgan Stanley, currently invest less than 1 per cent of their money in all emerging markets combined.

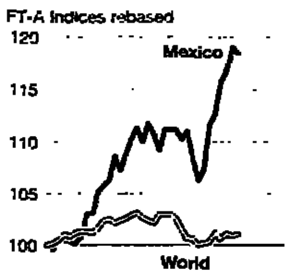
However, some stocks may be hurt from the treaty's passage. The trade pact is likely to strengthen the peso, squeezing companies exposed to international trade. That bodes ill for names like Vitro, the glass marker, Cydsa, the petrochemicals group, and Alfa, the steel to petrochemicals conglomerate, which have already suffered from the steady appreciation of Mexico's peso over the past three years.

The treaty over the long run will also remove tariff barriers on imports into Mexico. This should put further pressure on trading companies, currently protected by an average tariff of over 10 per cent.

If, as expected, the treaty raises economic growth and wages, then companies in labour intensive industries which are faced with international competition may find it increasingly hard to compete with low wage countries in Asia. Already, textile, paper, and toy companies have folded in droves since 1986, when Mexico opened to trade, and wages began to recover in dollar terms.

Mexico

FT-A Indices rebased



Source: Datastream

Most brokers say that the best corporate bets under the treaty will be protected or well-placed to face domestic competition, and in a market which will outgrow the economy. Companies expected to benefit most from higher domestic economic growth include those in the consumer and retail sector, such as Femsa, the soft drinks company and Cifra, the supermarket chain; services, such as Telmex; construction and cement companies, like Cemex and ICA, and banks, including Banamex and Bancomer. In general, earnings of these companies rise by more than the increase in economic growth.

Lower interest rates will help groups which have taken on debt to finance expansion, such as Aeromexico, the airline, Televisa, the giant media cocnern, Cemex, and ICA, and Alfa. While much of the debt is in dollars, the likely strengthening of the peso will reduce interest payments in peso terms.

The banks are particularly sensitive to lower interest rates, since loan growth would increase and defaults fall, as financing costs come down. Mr Douglas Campbell of the brokers DA Campbell, strongly recommends both Banamex and Banacci, and believes the banks' poor loan quality will soon improve.

Standard & Poor's, the US credit rating agency, says approval of Nafta could enable Mexico to be given investment grade status on foreign debt as early as next year, and several Mexican companies could then *expect their credit rating to* improve. Investment grade will help construction companies, such as Tribasa and ICA, to securitise toll roads, and finance other huge infrastructure projects.

Over the long term the *reduction of investment and* trade barriers will reduce profit margins in all Mexican industries. Nafta gradually opens up the service sector to foreign investment, and in industries where margins are abnormally high (such as *banks and telephones*), new foreign competition is likely.

Fears of competition in the telephone sector have kept Telmex shares at a discount to the market. Under Telmex's concession, profitable long distance and international telephone calls will be opened up to foreign competition after August 1996.

In many cases foreigners will buy into or form strategic alliances with existing companies rather than start new ones afresh. This has already happened in the retail sector, in consumer goods, in telephones and in media. Baring Securities reckons more such agreements might be expected under Nafta.

ASIA PACIFIC

Nikkei average closes below 18,000 level

Tokyo

A FALL in the futures index prompted heavy arbitrage selling, and the Nikkei average lost 1.2 per cent, closing below the 18,000 level for the first time since March 16, *writes Emiko Terazono in Tokyo*.

The 225-issue index closed down 225.13 at the day's low of 17,941.19, having risen to a high of 18,337.73 in the afternoon on reports that the finance ministry was planning to securitise bank loans and create a secondary market. The Nikkei has fallen 3 per cent over the week.

The Topix index of all first section stocks shed 11.73 to 1,539.59, and in London the ISE/Nikkei 50 index 0.79 to 1238.04. Volume was 260m shares with losers exceeding gainers by 712 to 251, and 183 issues unchanged.

Mr Alan Livsey, strategist at Kleinwort Benson, said that trading patterns were becoming increasingly similar to that of summer last year when the market tumbled to a six year low: "Poor sentiment, technical selling, and the lack of positive noises from financial authorities is just not helping".

Reports that the ministry of finance planned to create a market for securitised bank loans failed to help bank stocks: Dai-Ichi Kangyo Bank fell Y10 to Y2,270 and Fuji Bank lost Y30 to Y2,250.

Foreign investors sold high-technology issues as Fujitsu lost Y23 to Y796, NEC fell Y19 to Y895 and Matsushita Electric Industrial declined Y20 to Y1,420.

In Osaka, the OSE average lost 143.21 to 20,199.74 in volume of 28.6m shares.

Roundup

THE region's markets charted different courses yesterday.

HONG KONG once again saw a fairly turbulent session, although the Hang Seng index picked up towards the close, finishing down 71.49 at 9,263.94. Over the week the market has lost 4.5 per cent.

Turnover was down to HK$6.6bn from Thursday's HK$8.1bn.

Following Morgan Stanley's midweek downgrade of the market, Nomura's global equities team yesterday came out with a contrary recommendation.

Explaining that recent weakness was a good opportunity to buy, Nomura's strategists raised their weighting to the maximum – from 6 to 8 per cent, against a benchmark of 3 per cent: "The combination of growth, re-rating and weight of money make this an unstoppable bull market which has scarcely begun".

SEOUL continued its bull run with the composite index adding 17.73 to 840.36, for a week's rise of 6 per cent.

Turnover was steady at Won1,240bn.

TAIWAN saw a heavy round of profit-taking in the electronics sector drive the market lower. The weighted index fell 89.89 to 4,226.32, off 1 per cent on the week. Turnover swelled to T$51.1bn, its highest level since April.

United Microelectronics fell by 7 per cent, closing limit down at T$52.00, and helping to drive the sector index down by 4.3 per cent.

KUALA LUMPUR advanced 3 per cent in late trading on a strong rally in Tenaga, the power utility. The composite index rose 28.35 to 984.92, for a week's gain of 1.2 per cent.

Tenaga advanced M$1.10 to M$15.20 on news that it was to be included in Morgan Stanley's global index from December 2.

AUSTRALIA took a dip downwards on widespread profit-taking and the All Ordinaries index lost 24.8 to 2,083.2, barely changed over the week.

The banking sector took some of the heaviest losses with Westpac off 19 cents at A$4.41, ANZ 14 cents at A$4.74, and NAB 12 cents at A$12.76.

NEW ZEALAND ended a difficult week 4.4 per cent higher, although the NZSE-40 capital index closed down 17.21 at 2,097.22.

KARACHI rose on active buying of chemical and pharmaceutical stocks which left the KSE index up 12.84 at 1,771.72.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	Thu Nov 18 1993: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	Wed Nov 17 1993: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index: 1993 High	1993 Low	Year ago (approx)
Australia (69)	158.19	+0.2	158.79	107.14	140.72	158.92	+0.2	3.26	157.80	158.39	106.73	139.88	158.64	162.83	117.39	110.70
Austria (17)	174.74	+0.6	175.40	118.36	155.44	155.03	+0.7	1.03	173.63	174.28	117.44	153.91	153.97	184.47	131.18	142.97
Belgium (42)	153.75	+0.3	154.34	104.13	136.77	137.45	+0.6	4.19	153.25	153.83	103.65	135.85	136.62	156.76	131.19	137.05
Canada (107)	133.67	-0.1	134.18	90.53	118.90	127.87	+0.3	2.62	133.86	134.37	90.54	118.65	127.51	135.54	111.41	111.98
Denmark (32)	236.30	-0.1	237.19	160.05	210.20	218.30	+0.3	1.04	236.56	237.46	160.00	209.69	217.58	241.06	185.11	198.28
Finland (23)	124.37	+0.2	124.84	84.24	110.64	151.74	+0.0	0.69	124.15	124.62	83.98	110.05	151.77	128.99	66.50	66.08
France (98)	165.01	-0.2	165.63	111.76	146.77	153.36	+0.1	3.09	165.26	165.89	111.77	146.48	153.14	173.05	142.72	142.74
Germany (60)	132.69	+0.3	133.19	89.86	118.03	118.03	+0.7	1.89	132.25	132.75	89.46	117.22	117.22	136.13	101.59	107.44
Hong Kong (55)	379.10	-1.9	380.54	256.77	337.25	378.26	-1.9	2.81	386.46	387.93	261.39	342.59	383.44	394.34	218.82	238.76
Ireland (14)	175.37	+0.0	176.04	118.78	156.00	178.26	-0.3	3.21	175.41	176.07	118.64	155.49	176.86	177.89	129.28	123.43
Italy (70)	62.46	+0.8	62.70	42.30	55.56	77.86	+0.8	2.15	61.99	62.22	41.92	54.95	77.27	78.93	53.78	60.53
Japan (469)	146.33	+0.6	146.88	99.11	130.18	99.11	+0.7	0.83	145.48	146.03	98.40	128.97	98.40	165.91	100.75	103.58
Malaysia (69)	466.60	-0.6	468.36	316.02	415.05	458.33	-0.6	1.52	469.38	471.16	317.46	416.06	461.25	487.72	251.66	273.06
Mexico (19)	1984.69	+0.8	1992.20	1344.26	1765.47	6748.57	-0.5	0.73	1969.30	1976.75	1331.86	1745.63	6782.34	1984.69	1410.30	1518.92
Netherland (26)	190.40	+0.7	191.12	128.96	169.38	166.65	+1.0	3.17	189.12	189.84	127.91	167.64	165.21	197.07	150.39	150.80
New Zealand (13)	64.83	+1.9	65.08	43.81	57.67	62.55	+1.8	3.75	63.63	63.87	43.04	56.40	61.42	68.38	40.56	39.73
Norway (23)	179.02	+0.0	179.69	121.25	159.25	180.53	+0.4	1.41	179.03	179.70	121.09	158.70	179.76	185.10	137.71	130.98
Singapore (39)	312.70	-0.4	313.88	211.80	278.16	226.91	-0.3	1.39	313.93	315.11	212.33	278.27	230.67	332.55	207.04	193.26
South Africa (60)	227.63	+2.0	228.49	154.17	202.48	213.19	+1.0	2.52	223.27	224.11	151.01	197.90	211.18	227.63	144.72	136.02
Spain (42)	138.59	-0.4	139.12	93.87	123.28	144.58	-0.4	4.13	139.20	139.72	94.15	123.39	145.10	145.24	115.23	118.89
Sweden (36)	196.49	-0.3	197.23	133.08	174.79	240.99	+0.4	1.45	197.02	197.77	133.26	174.85	240.12	208.92	149.70	150.42
Switzerland (50)	146.39	-0.1	146.94	99.15	130.23	136.58	+0.5	1.59	146.48	147.03	99.08	129.86	135.94	148.18	108.91	104.79
United Kingdom (218)	187.04	+0.2	187.75	126.68	166.37	187.75	+0.2	3.83	186.65	187.36	126.23	165.44	187.36	193.97	162.00	164.90
USA (518)	188.72	-0.3	189.44	127.83	167.89	188.72	-0.3	2.74	189.26	189.97	128.01	167.77	189.26	191.56	175.38	173.21
Europe (751)	158.03	+0.2	158.62	107.03	140.58	153.94	+0.4	2.97	157.76	158.36	106.70	139.85	152.79	162.97	133.92	133.20
Nordic (114)	187.72	-0.2	188.43	127.14	166.98	199.34	+0.3	1.25	188.01	188.72	127.17	166.66	198.73	194.54	142.13	141.49
Pacific Basin (714)	155.04	+0.4	155.63	105.02	137.92	109.23	+0.5	1.10	154.47	155.05	104.48	136.92	108.70	168.80	105.89	108.12
Euro-Pacific (1465)	156.17	+0.3	156.76	105.77	138.91	126.67	+0.4	1.88	155.72	156.31	105.31	138.03	126.12	162.86	117.26	118.27
North America (625)	185.29	-0.3	185.99	125.51	164.85	184.55	-0.3	2.73	185.80	186.51	125.68	164.73	185.03	187.68	171.51	169.41
Europe Ex. UK (533)	139.31	+0.1	139.84	94.38	123.95	132.85	+0.5	2.42	139.11	139.64	94.11	123.34	132.24	143.73	112.51	113.95
Pacific Ex. Japan (245)	239.22	-0.8	240.12	162.05	212.82	222.00	-0.8	2.67	241.15	242.06	163.13	213.76	223.80	245.12	152.70	152.74
World Ex. US (1651)	157.42	+0.3	158.01	106.63	140.04	129.28	+0.4	1.90	156.93	157.53	106.15	139.11	128.73	162.89	118.51	119.10
World Ex. UK (1951)	164.91	+0.1	165.63	111.70	146.71	143.81	+0.2	2.04	164.79	165.41	111.46	146.09	143.58	168.68	134.22	133.71
World Ex. So. Af. (2109)	166.54	+0.1	167.17	112.81	148.16	147.18	+0.2	2.21	166.43	167.06	112.58	147.54	146.95	170.46	137.29	136.54
World Ex. Japan (1700)	179.52	-0.1	180.20	121.60	159.72	176.14	-0.1	2.78	179.73	180.41	121.58	159.34	176.28	181.67	157.47	155.04
The World Index (2169)	166.86	+0.1	167.49	113.02	149.44	147.74	+0.2	2.21	166.72	167.35	112.77	147.79	147.50	170.88	137.32	136.42

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited. 1987
Following the reduction in the government stake held in Argentaria (Spain), the full share capital has been included in the index with effect (18/11/93).
Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8½pc 1994	100⅝	—	102⅞	100⅝	8.45	5.34
14½pc 1994‡‡	102⅝	—	109¼	102⅝	14.14	5.20
Exch 13½pc 1994	103½	—	109⅛	103½	13.04	5.20
Treas. 10pc Ln. 1994‡‡	102⅝xd	—	105⅞	102⅝	9.75	5.22
Exch 12½pc 1994	105⅝	—	110⅝	105⅝	11.87	5.22
Treas 9pc 1994‡‡	103⅞	—	105⅞	103⅞	8.69	5.18
12pc 1995	107⅝	—	111⅞	107⅞	11.16	5.22
Exch 3pc Gas 90-95	97⅛	-⅛	97⅛	94	3.08	4.82
10¼pc 1995	107⅞	—	109⅞	107⅝	9.52	5.32
Treas 12¾pc 1995‡‡	113⅞	—	116⅞	113½	11.22	5.37
14pc 1996	117⅛	—	120⅝	117⅛	11.96	5.49
15¼pc 1996‡‡	121⅞	—	125⅝	121⅝	12.51	5.56
Exch 13¼pc 1996‡‡	117⅝	—	120⅝	115¾	11.27	5.57
Conversion 10pc 1996	111⅜	—	112⅞	108⅞	8.98	5.72
Treas 13¼pc 1997‡‡	120⅞	—	122⅞	118½	10.95	5.87
Exch 10½pc 1997	113⅞	—	114⅝	110⅞	9.25	5.87
Treas 8¾pc 1997‡‡	108⅞	—	109⅞	105½	8.08	5.92
Exch 15pc 1997	130⅞	—	132⅞	127⅞	11.48	6.08
9¾pc 1998	113⅞	—	113⅞	109⅛	8.63	6.13
Treas 7¼pc 1998‡‡	104⅞	—	104⅞	99⅞	6.93	6.02
7¼pc 1998 B‡‡	104⅝	—	104⅞	101⅞	6.93	6.03
Treas 6¾pc 1995-98‡‡	101⅞	—	101⅜	97⅞	6.64	5.45
14pc '96-1	129⅜	—	129⅞	125⅛	10.81	6.34
Five to Fifteen Years						
Treas 15½pc '98‡‡	138⅝	-⅛	138⅞	133⅞	11.21	6.22
Exch 12pc 1998	123⅞	+⅛	124⅞	118⅞	9.69	6.38
Treas 9½pc 1999‡‡	113⅞	—	114⅛	108⅝	8.35	6.33
Exch 12¼pc 1999	125⅞	+⅛	126⅜	120⅝	9.73	6.45
Treas 10½pc 1999	118⅞	-⅛	119⅝	112⅞	8.83	6.36
Treas 6pc 1999 (£50pd)‡‡	49⅛	—	49⅞	48⅛	6.08	6.20
Conversion 10¼pc 1999	118⅝	—	119⅝	112⅞	8.63	6.43
9pc 2000‡‡	113⅝	+⅛	113⅞	106	7.94	6.40
Treas 13pc 2000	133⅞	—	133⅞	125½	9.73	6.65
10pc 2001	118⅞	—	119⅞	109⅞	8.41	6.66
7pc '01 ‡‡	102⅞	—	103⅞	97⅞	6.89	6.53
9¾pc 2002	119⅞	-⅛	119⅞	108⅛	8.18	6.77
8pc 2003‡‡	109¼xd	-⅛	109½	97⅞	7.32	6.68
10pc 2003	122⅝	-⅛	122⅞	109⅝	8.15	6.80

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
Treas 11½pc 2001-4	128¼	+⅛	128⅝	118⅞	9.11	6.88
Funding 3½pc '99-4	81⅛	-⅛	81⅞	67⅞	4.32	5.93
Conversion 9½pc 2004	120⅝	-⅛	120⅞	105⅞	7.90	6.85
Treas 6¾pc 2004	100¼	-⅛	100⅞	97¼	6.73	6.72
Conv 9½pc 2005	120⅞	—	120⅝	105⅞	7.89	6.89
Treas 12½pc 2003-5	138½	-⅛	138⅞	124⅝	9.03	7.07
7¾pc 2006‡‡	107⅛	—	107⅝	94⅞	7.24	6.91
8pc 2002-6‡‡	107½	-⅛	107⅞	94⅞	7.44	6.87
Treas 11¾pc 2003-7	131⅞	—	131⅞	118⅞	8.94	7.04
Treas 8½pc 2007 ‡‡	113⅞	—	113⅞	97⅞	7.51	6.99
8½pc 2007 C‡‡	113⅛	—	113½	108⅜	7.51	6.99
13½pc '04-8	146⅞	-⅛	146⅞	131⅞	9.21	7.08
Over Fifteen Years						
Treas 9pc 2008 ‡‡	118⅛	+⅛	118⅜	101¼	7.62	7.02
8pc 2009	109⅛	+⅛	109⅞	92⅞	7.34	7.05
Conv 9pc Ln 2011 ‡‡	119⅜	-⅛	119⅝	100½	7.54	7.07
9pc 2011 D ‡‡	119⅞	-⅛	119⅞	116⅞	7.54	7.07
Treas 9pc 2012‡‡	119⅞	-⅛	120⅛	100⅞	7.50	7.06
Treas 5½pc 2008-12‡‡	87⅞	-⅛	88⅛	70¼	6.25	6.65
Treas 8pc 2013‡‡	110½	-⅛	110½	93⅞	7.25	7.05
7¾pc 2012-15‡‡	107⅞	-⅛	108⅛	89⅝	7.18	6.99
Treas 8¾pc 2017‡‡	119⅞	-⅛	119⅞	97⅞	7.33	7.05
Exch 12pc '13-'17	150⅛xd	-⅛	150⅞	125⅞	7.99	7.23
Undated						
Consols 4pc	55⅞	+⅛	55⅞	43⅝	7.25	-
War Loan 3½pc‡‡	49⅞xd	-⅛	49⅞	38⅝	7.05	-
Conv 3½pc '61 Aft.	67⅞	-⅛	67⅞	60⅞	5.19	-
Treas 3pc '66 Aft.	41⅜	—	41⅛	33½	7.25	-
Consols 2½pc	35⅝	-⅛	36	28⅝	7.02	-
Treas. 2½pc	34⅝	-⅛	34⅞	27⅞	7.22	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	138⅞	—	138⅞	131⅝	-	-
2pc '96 (67.9)	203¼	—	203⅝	194⅞	1.00	1.86
4⅝pc '98‡‡ (135.6)	112½	-⅛	112⅞	105⅛	1.38	2.07
2½pc '01 (78.3)	172⅝	-⅛	173⅞	159	2.38	2.77
2½pc '03 (78.8)	169⅛	-⅛	169⅞	155	2.58	2.90
4⅜pc '04‡‡ (135.6)	115¼	-⅛	115⅞	105½	2.62	2.83
2pc '06 (69.5)	179⅞	-⅛	180⅛	159¼	2.65	2.90
2½pc '09 (78.8)	163⅛	-⅛	164⅛	144	2.82	3.03
2½pc '11 (74.6)	170⅛	-⅛	170⅞	148⅞	2.88	3.08
2½pc '13 (89.2)	141⅛	—	141⅞	122⅞	2.92	3.09
2½pc '16 (81.6)	151⅛	+⅛	151⅞	130⅞	2.97	3.14
2½pc '20 (83.0)	146⅛	+⅛	147	124⅞	3.02	3.17
2½pc '24‡‡ (97.7)	122⅞	+⅛	123⅛	102⅝	3.03	3.16
4⅛pc '30‡‡ (135.1)	122⅞	+⅛	123⅞	103¼	3.05	3.18

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1993: 139.3 and for October 1993: 141.8.

OTHER FIXED INTEREST

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	135⅞	+¼	135⅞	115⅞	8.21	7.33
Asian Dev 10¼pc 2009	127⅛	+⅛	127⅛	108⅞	8.07	7.29
B'ham 11½pc 2012	132½	—	132½	114	8.68	8.12
Ireland Cap 8½pc '10	110	+1⅛	120	95	7.73	-
9pc Cap 1996	102	+⅛	116	97½	8.82	-
13pc '97-2	114½	+⅝	130	110	11.35	-
Hydro Quebec 15pc 2011	181⅞	+⅛	182⅞	139⅞	8.26	8.25
Leeds 13½pc 2006	143¼	—	143¼	128	9.42	8.18
Liverpool 3½pc Irred	42	—	42	34	8.33	-
LCC 3pc '20 Aft.	37⅛	—	38	30½	7.95	-
Manchester 11½pc 2007	130¾	—	130¾	114	8.80	7.88
Met. Wtr. 3pc 'B'	73¼	—	74	63¼	4.07	6.80
N'wide Anglia 3⅝pc 2021	144	—	144	117½	-	3.85
4⅛pc IL 2024	138¼	—	138¼	115½	-	3.86
Utd Mex States 16½pc 2008	153	—	153	132¼	10.78	-

Continued on next page

LEGAL NOTICES

No. 008877 of 1993
In the High Court of Justice
Chancery Division

IN THE MATTER OF
LONGMAN CARTERMILL LIMITED
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice on the 12th day of October 1993 for the confirmation of the reduction of the Share Premium Account of the Company by £1,870,924. AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on the 1st day of December 1993. ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 20th day of November 1993.

Denton Hall
Five Chancery Lane
Clifford's Inn
London EC4A 1BU
Solicitors for the above-mentioned Company

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		19⅞	—	20⅞	15⅞	16,372	2.3
Allegheny & W.	♥	459p	+2	722p	365p	283.0	4.4
Amdahl		329p	-12	581p	294p	388.1	1.8
Amer Cyanamid		35⅜	-½	39	31⅜	3,178	3.3
Amer Express		20⅝	-⅛	23⅞	14⅞	10,045	3.2
Amer T & T		37⅞xd	-½	43¼	33¼	61,123	2.3
Ameritech		52⅝	-½	58¼	46	23,041	4.7
Anheuser-Busch		33½xd	—	41¼	29⅜	9,270	2.9
BankAmerica		29½xd	+¼	36⅜	27⅜	16,132	3.3
Bankers NY		50⅞	-⅛	54⅝	42⅝	4,204	4.1
Bell Atlantic		40½	-⅜	44⅝	32¼	17,806	4.4
BellSouth		37⅛	—	42⅝	32⅞	18,483	5.0
Bethlehem Steel	♥	11¼	—	13¼	8½	1,083	-
Bowater		1354p	—	1662p	1189p	400.5	3.0
CPC		32¼	+⅛	34⅝	26	4,932	2.7
California Engy		1155p	+5	1479p	1006p	217.6	-
Chase Manhattan		21⅞	+⅛	24⅞	17⅞	3,414	3.7
Chrysler		37⅞	+⅛	39	21¼	10,888	1.1
Citicorp		23⅞	-⅛	28	13⅞	8,813	-
Colgate-Palm		33⅞	+⅛	48⅝	32	6,316	2.4
Cont'l Bank		1817p	—	1877p	1278p	1,834	2.6
Dana		38¼	-⅞	38⅞	29⅞	1,750	2.8
Data General		663p	-7	951p	527p	180.2	-
Decora Inds	♥	100p	—	140p	98p	-	-
Dun & Brad		43⅝	-⅛	46⅝	37⅛	7,778	3.8
Eaton		34⅝	-⅛	37⅛	25⅞	2,409	2.3
Echlin		22⅞	+⅛	23⅞	15⅞	1,329	2.1
FPL		23⅞	-¼	27⅞	23¼	4,575	6.6
Ford Motor		42⅞	+⅛	43⅞	28⅞	20,818	2.5
Gen Elect		66⅛	+⅞	67⅞	53⅞	56,428	2.6
General Host	♥	467p	+1	723p	458p	-	4.8
Gillette		43⅞xd	+⅛	43⅞	31⅞	9,491	1.3
Hasbro		20⅞	—	20⅞	20⅞	1,819	0.8
Honeywell		21⅞	+½	26½	20⅞	4,522	2.9
Houston Inds		31½	-¼	33⅞	28¼	4,079	6.3
Ingersoll-Rand		24⅞xd	-⅞	29⅞	18⅞	2,618	1.9
Lockheed		47⅞	-⅛	47⅞	35⅞	2,922	3.0
Lowe's		3475p	-51	3526p	1573p	2,535	0.6
Malvy Technology		336p	+1	432p	127p	-	-
Merrill Lynch		61⅞	-⅛	65⅞	37	9,832	1.8
Morgan (JP)		47⅞xd	-⅛	62⅞	38¼	9,077	3.4
Morris (Philip)	‡	37⅞	-⅞	52⅞	28	32,868	4.7

BUSINESS SERVICES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
ADT $	‡□	600	-3	678	463	833.1	-
Adam & Harvey	‡†	243xd	—	248	198	10.4	6.7
Air London	½	81	—	92	56	5.41	7.2
African Lakes		44	—	58	37	3.10	5.7
Auto'ted Sec	‡†N□	128	-7	170	93	149.9	6.0
BET	‡N□	128	—	138	84	1,196	2.2
BNB Res		113	—	113	41	27.3	5.4
BPP	‡†	318	—	318	258	81.5	3.3
Barbour Index		245	—	285	185	40.7	4.1
Black & Edg	‡□	1½	+¼	1½	0½	7.91	-
Boustead	‡□	25	—	28	15	21.3	3.5
Bridgend	‡‡□	21	—	27	12	6.18	‡
Brit Data Mangt	□	240	—	289	184	58.3	2.5
Brit Fittings	†□	81	—	86	45	19.3	2.7
Brooks Service	Z	68	—	73	54	7.11	1.1
Business Post	†L□	110	—	184	110	55.0	3.6
CRT	‡N□	94	—	109	86	49.9	3.7
Capita	‡†n	189	-1	193	139½	89.6	1.5
Caslet	†N□	39½	-½	45½	31	31.6	2.9
Chiltern Capital AS		22½	—	66	18½	20.8	-
Christie Group	N	48	—	51	28	11.3	-
Chubb Security	W□	354	-4	370	228	989.4	1.7
Corp Servs	‡‡□	38	—	37	6½	13.8	-
Coutts Consulting		86	-1	91	20	20.5	-
Dart	‡	135	-2	137	50	20.8	3.1
Davis Service	N□	214	—	258	198	218.3	4.7
EW Fact	‡†	104	—	104	85	5.89	5.5
Gardiner	‡□	29½	—	32	11	27.3	2.1
Hays	‡□	248	—	277	215	898.7	2.7
Hogg Robinson	†N□	226	+1	248	174	156.4	3.8
Holmes Protect $		37	—	70	34	18.3	-
Hutch Whmp HK$	♥	273	+6	278	127	9,484	1.8
ISS B DKr		220⅝	+⅛	221¼	89¼	835.7	1.0
Inchcape	‡†N□	600	+1	637	475	2,620	3.5
Intl Food Machinery	Z□	32	—	64	29	4.66	5.5
Johnson Cleaners		888	—	875	669	171.8	3.7
Lep	□	8	-½	12	2½	73.8	-
MITIE		275	—	288	173	31.1	1.6
Manpower $		1110	+1	1187	693	825.9	-
OIS Intl	Z□	80	—	80	52	24.0	1.1
Page (M)	□	59½	—	82	40½	36.8	3.8
Pentos	‡‡	122	—	279	122	5.77	8.3
Prime People	□	3¼	—	4½	2	1.83	-

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

to proceed.
In the Ukraine, unable and Electricité de France, told the

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

TELEPHONE NETWORKS

TEXTILES

PROPERTY

METALS & METAL FORMING

MISCELLANEOUS

OTHER FINANCIAL

INVESTMENT COMPANIES

TRANSPORT

WATER

OTHER INDUSTRIALS

MEDIA

SOUTH AFRICANS

MOTORS

STORES

PLANTATIONS

PACKAGING, PAPER & PRINTING

MINES

OIL & GAS

	Price	+or-	high	low	Mkt Cap£m	Yld Gr's
Ennex Intl IE	6¾	—	7¼	3¼	3.25	-
Europa Mints NC	33	—	42	15	15.9	-
Glencar Expl IE	11	—	12	6	2.03	-
Greenwich Res	15¼	—	22¼	5	12.5	-
Hemlo Gold C$	27	-⅛	£9⅛	£3½	677.4	1.4
Ivernia West IE	35	—	57	31	17.6	-
Kells Mins IE	13	—	14	6	0.31	-
Kenmare	9½	—	13½	6	9.51	-
Melinga Res.	8	-1½	29½	7	0.88	-
Navan Res IE	99	—	104	25	19.7	-
5pc Ln Notes	93⅜	—	98½	25	16.8	-
Oryx Gold	45	—	78½	27	-	-
Ovoca Res IE	10	—	10	3½	0.70	-
RTZ	677	-1	746	607	7,203	5.1

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ⁂ *USM; not listed on Stock Exchange and company not subjected to* same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulared collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on *previous year's earnings* v Not subject to ACT. z Dividend yield includes a special payment E Auction basis F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93 L Estimated annualized yield, p/e based on latest annual earnings. M Yield based on *prospectus or other* official estimates for 1993-94. N Figures based on IIMR 'Headline Earnings' draft proposals. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; *xl ex capital distribution.*

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT2732. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FINANCIAL TIMES
Weekend November 20/November 21 1993

Report calls for radical reform of career structure

Civil service urged to draw from private sector

By James Blitz

MINISTERS should consider recruiting top civil servants from the private sector as part of a radical reform of the official career structure, a government report will urge next week.

The report, drawn up by the Efficiency Unit of the Cabinet Office, is the government's strongest response to date to criticism that reaching the top echelons of the civil service is based on background rather than brainpower.

It urges ministers to look for more top officials from business and industry at a time when executive agencies and the private sector are being invited to tender for certain operations within the service. It also calls for regular assessments of how leading civil servants perform their tasks.

A senior Whitehall official said yesterday the recommendations in the report, Career Management and Succession Planning, would "change the blend of our senior operational structure", adding that Mr John Major, the prime minister, had welcomed its findings.

The report follows nine months of research, led by Sir Peter Levene, the prime minister's efficiency adviser.

But it is unlikely to satisfy calls for a management revolution in Whitehall. It falls short of setting specific quotas for how many external candidates should be recruited to top-level posts.

It also claims that large private sector companies recruit most of their top managers from within the organisation – partly to preserve the morale of junior personnel – and that the civil service should be no different.

And it is unlikely to appease Sir Peter Kemp, a former permanent secretary, who irritated ministers earlier this week by attacking Whitehall's "old attitudes and the old guard".

According to Whitehall officials, only 10 per cent of the top 620 officials in the civil service are recruited through open competition. A few others, such as Sir Terry Burns, permanent secretary to the Treasury, were appointed after spending much of their careers outside government.

The report stresses that mandarins must continue to possess home-grown expertise, such as political awareness and advisory skills. But they list other skills which come with private sector experience, such as team building and good communication.

One official said: "There used to be a culture whereby you could start at the lower grades of the civil service and work your way up to permanent secretary level. This report recommends a change of that culture."

Yeltsin restricts foreign banks

By Leyla Boulton and John Lloyd in Moscow and Richard Waters in New York

PRESIDENT Boris Yeltsin, bowing to the demands of powerful Russian banks three weeks before parliamentary elections, has banned most foreign banks licensed to do business in Russia from dealing with Russian customers until January 1996.

The ban, described yesterday by Mr Boris Fyodorov, the finance minister, as "gentle protectionism", affects all banks in Russia that are more than 50 per cent foreign-owned and have not begun serving residents – the label for Russian-registered companies, including lucrative joint ventures.

The decree reverses the terms of most of the licences given to about a dozen western banks in the last few months by the Russian central bank, which favours foreign competition as a means of improving the performance of Russian banks.

Only a few western banks' subsidiaries, such as Crédit Lyonnais Russie and BNP-Dresdner Bank Rossija, are already open for business and have Russian customers.

Most of the others, such as Chase Manhattan of the US, have not yet started up their planned subsidiaries but were planning to do so in the next few months. The decree means they may be able to serve only foreign companies and individuals – operating on an offshore basis.

Chase insisted: "We believe it won't effect us, because we received our licence before the cut-off date." However, like other US banks which have already received licences to operate in Russia, it had yet to see the details of the decree.

The banks' plans in Russia are based largely on acting for clients elsewhere in the world who want to trade with or invest in the country. However, business with Russian customers also figure high on their priorities.

Although Russia is not the only country to impose such restrictions, they mark a rethink of the government's earlier unbridled liberalism. Moreover, the decree reverses commitments already made by a state which is desperately trying to bolster foreign investor confidence.

The decree answers the fears of Russian banks who asked for three or four years of protection and, in the event, received two.

THE LEX COLUMN

Liquified Gas

There can be little doubt that the MMC inquiry has helped British Gas focus its attention on where growth opportunities lie. Since its UK business is a mature one in a heavily regulated market, there is a case for diversification into the expanding markets of the developing world. These may carry higher risk, but they also offer higher returns. In the context of diversification, it makes little sense to hold on to Consumers Gas of Canada which is also a mature business in a heavily regulated market. There is also the disadvantage that by limiting the UK company's stake to 85 per cent, the Canadian authorities ensured that Consumers' cash flow could not be freely redeployed to any other part of the group.

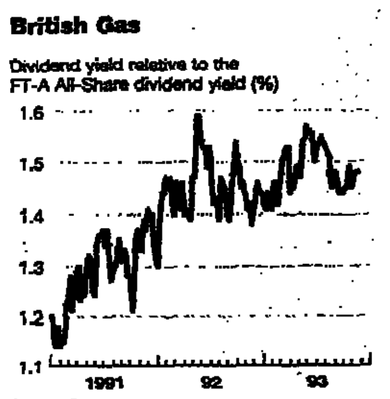
That said, by selling Consumers, British Gas has made a quantum leap away from critical mass in the global gas business. In sterling terms, Gas claims to have earned an internal return of some 16 per cent from its investment in the Canadian company. Though the figure is boosted by exchange rate gains and perhaps also by a relatively attractive disposal price, the test will be to see how easily Gas can invest the proceeds at a higher return.

Gas argues that there is no shortage of opportunities, but that only makes it more important to pick the right ones. Its gearing is on an upward path: using the company's preferred measure of debt as a percentage of total assets the figure reached 31 per cent in September. So it can even less afford to make a mistake. Until the MMC came along, it could claim a particular strength in its expertise from production to domestic supply. Breaking up the UK business may harm its global ambitions.

FT-SE Index: 3108.0 (-17.5)

British Gas

Dividend yield relative to the FT-A All-Share dividend yield (%)



Source: Datastream

Yet equities have already discounted a great deal of good news. Against that the Budget could hurt the market both by damaging consumer confidence in the vital four weeks before Christmas, and if the tax benefits of pensions come under renewed fire. Fund managers' pips have thus far notably failed to squeak, but the policy is not without cost. This week saw both Whitbread and Cable & Wireless resuming pension fund contributions. Others are likely to follow.

The weight of new issues may also give pause for thought. This year the demands on both gilt and equity markets have been eased by the $30bn a quarter flowing from the US to international markets. Unless American investors take fright at a strengthening dollar and rising US interest rates, UK equities look well underpinned. If the funds flow out again, however, they will prove hard to replace.

UK equities

Yesterday's setback for the equity market shows just how nervous investors have become ahead of the budget. The week's slew of economic statistics gave weight to the idea that the UK is growing without reigniting inflation, a combination of circumstances which should be favourable for equities. Low inflation helps justify low gilt and equity yields, while growth promises that earnings recovery will eventually arrive. The combination is not, perhaps, as surprising as it first appears. The large output gap in the UK and the productivity rise which accompanies the early stages of recovery tend to keep cost-push inflation down.

Sunday trading

There will be much ranting and raving before Parliament changes the legislation affecting Sunday trading. But whatever the outcome, investors in the retailing sector will lose little by plugging their ears. Some evidence suggests total consumer spending would rise as a result of deregulation. A contentious study, commissioned by the Home Office, forecast that 19,000 jobs would be lost and prices would fall as more sales were won by efficient multiple chains. Even if correct, these considerations are marginal when set against the bigger forces shaping the industry. The overall impact of deregulation is likely to prove inconsequential.

That is clearly not true for some individual sectors, such as DIY. But despite the moralistic rationalisations, the main division between retailers about whether to open boils down to crude self-interest. By and large, those shops which find it economic to trade on Sundays are already doing so. In Scotland, where Sunday trading is unrestricted, only about 25 per cent of retail space opens on the sabbath. In England and Wales, that figure now amounts to about 29 per cent. Deregulation would probably just formalise the existing arrangements.

The big grocery chains would continue to open seven days a week to help defray the heavy overhead costs of their superstores. But the exercise is proving only marginally profitable. Other big retailers, such as Marks and Spencer, Sears, and Burton, which trade chiefly on the high street, may only find it worthwhile to open on Sundays in the run-up to Christmas.

Tiphook

Hard though it is to credit, Tiphook appears to have achieved something positive. News of the proposed sale of its container division to Transamerica Corporation for £830m left market watchers boggle-eyed when it flashed up on trading screens. Transamerica seems willing to pay an astonishing premium to control strategic assets.

Even if the sale is completed, however, Tiphook will remain miserably placed with a loss-making trailer business and some £400m of debt. The sale's premium to book value will be whittled away by trading losses leaving shareholders' funds of perhaps £200m by the year-end. By Tiphook's standards, the resultant 200 per cent gearing would appear almost normal. The company would have a fighting chance of evading a wholesale financial restructuring although it would need to squeeze cash with a rare ferocity. The chief worry would be Tiphook's remaining capital expenditure commitments, although it may be possible to reschedule payments. The lingering recession in mainland Europe, where Tiphook is heavily exposed, could also frustrate its hopes.

Tiphook's secured creditors will be mightily relieved if the sale is secured. Equity holders, though, will want to comb the accompanying circular before deciding what to do. Theoretically, Tiphook could yet emerge as an attractively-geared recovery stock. Yet given bitter experience, retaining the shares would be a bold bet.

Apec agrees on tariff cuts package

Continued from Page 1

American Free Trade Agreement earlier this week, Mr Clinton insisted that although the US would not accept a flawed Gatt agreement, it had much to gain from the liberalisation of world trade.

A successful Gatt would create 1.4m US jobs in the next 10 years, he said, and expand the world economy by $5,000bn.

Mr Warren Christopher, US secretary of state, also said the US would not renegotiate the Blair House agreement with the EU on agricultural subsidies, as requested by France.

"The Blair House agreement was reached between nations in good faith," he said. "We'll have to proceed on the basis of that."

Officials said the Apec declaration endorsed in strong terms the Blair House agreement.

Mr Clinton is due to meet leaders from the Apec countries in an unprecedented summit today on Blake Island, a few miles offshore from Seattle.

The Apec ministers' annex list is built on the so-called zero-for-zero tariff reduction package agreed before the Tokyo summit in July by Japan, Canada, the US and the EU, which eliminated tariffs on pharmaceuticals, construction equipment, medical equipment, steel and beer, and with certain exemptions also on furniture, farm equipment and spirits.

The Seattle agreement will also include other product areas, notably non-ferrous metals.

China and Taiwan, which are not Gatt members, did not sign the annex, and some other Apec countries did not accept the zero-for-zero reduction in all of the product areas.

German industry sheds further jobs

By Quentin Peel in Bonn

JOBS GLOOM in Germany deepened yesterday as two of the country's leading employers – the BASF chemicals group, and IBM Deutschland – announced workforce cuts totalling 9,000 in the next two years.

The cuts follow thousands of job losses already announced, and confirm the trend towards higher unemployment, forecast at over 4m next year, even if the current recession bottoms out.

The news of further redundancies came as negotiations at Volkswagen, the motor industry giant, failed to produce an agreement over the introduction of a four-day week. VW is calling for cost savings of 20 per cent from the programme, designed to avoid 30,000 job losses.

At Klöckner-Humboldt-Deutz (KHD), the Cologne-based diesel engine and industrial plant manufacturer, a further 800 jobs are to go from its 11,000 workforce as part of a continuing restructuring programme.

The pressure on Germany's mainstream engineering industry was also underlined yesterday with the announcement of a merger between Schiess, the Düsseldorf machine tool manufacturer, and Dörries Scharmann of Mönchengladbach. The closure of the Düsseldorf plant will cost some 600 jobs.

At BASF, some 2,300 jobs are to be cut in 1994, and a further 700 in 1995. Since 1990, the company has slashed its workforce from almost 58,000 to a target of 45,900 by the beginning of 1995.

At Deutsche Aerospace (Dasa), the Daimler-Benz subsidiary, Mr Gerhard Schröder, the prime minister of Lower Saxony, said he would present a plan for outside investment in the company's Lemwerder plant in an effort to halt its closure with more than 1,200 job losses.

The latest 6,000 job losses at IBM's German subsidiary follow 3,500 redundancies in 1993 alone. Since 1986, the company has cut its workforce from 29,000 to 21,000.

Mr Edmund Hug, IBM Deutschland's new chief executive, said the emphasis would switch to software and servicing from traditional computer hardware.

The job cuts in Germany are part of a broad retrenchment by IBM, which plans to cut 35,000 jobs worldwide this year, most of them outside the US.

Tiphook in talks with Transamerica

Continued from Page 1

speculation had centred on a price of £400m.

One analyst said Transamerica was paying more per container than it would cost to buy the fleet new. Others, however, pointed out that as well as buying an operating fleet, currently 82 per cent utilised, Transamerica would get a worldwide network of depots and offices.

Tiphook's fleet totals 526,000 TEUs (20-foot equivalent units) while Transamerica's amounts to 420,000, giving a combined total of 926,000, 15 per cent of world capacity including containers owned by shipping groups. Genstar has nearly 1.2m TEUs.

Mr Frank Herringer, president and chief executive officer of Transamerica, said he believed the container leasing business had substantial growth potential.

If the deal proceeds, Tiphook aims to give details of the sale to shareholders before the end of 1993. It would then call a shareholders' meeting to approve the sale. Lenders would also be consulted.

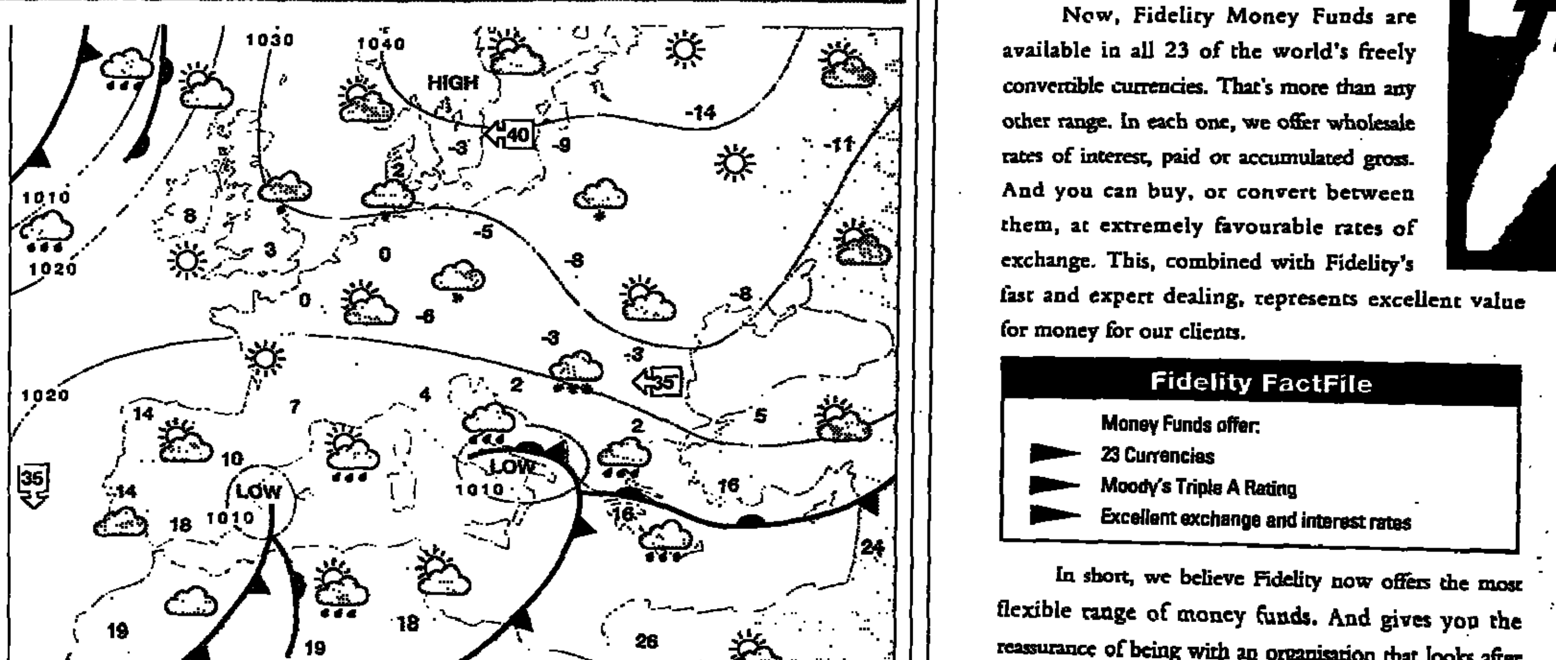
FT WORLD WEATHER

Europe today

Unseasonably cold conditions will prevail over most of Europe with daytime freezing from the Low Countries, over the Alps to the Balkan states. Germany and the Low Countries will be cloudy with patches of snow. Later, eastern coasts of England will have cloud and some light rain. Elsewhere in the UK, it will mainly stay dry with sunny spells. Most of central Europe will have sunny periods interspersed with cloud. Low pressure over southern Italy will give snow in the centre of the former Yugoslavia, northern Greece and the Balkan states. The Mediterranean area will have thundery showers or outbreaks of rain. Most sun in Spain and Portugal will be found in northern regions but afternoon temperatures will be rather low.

Five-day forecast

Pressure will stay high in Russia and northern Europe resulting in a cold easterly flow across most of Europe. Wintry conditions will spread further west and some regions will have snow. The Mediterranean will continue unsettled with thundery showers, some rain and little change in temperature.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	28
Accra	thund	31
Algiers	shower	18
Amsterdam	sleet	2
Athens	shower	15
B. Aires	fair	26
B.ham	sun	3
Bangkok	fair	35
Barcelona	shower	12
Beijing	fair	-7
Belfast	fair	6
Belgrade	snow	-5
Berlin	snow	-3
Bermuda	fair	26
Bogota	fair	19
Bombay	fair	31
Brussels	cloudy	1
Budapest	snow	-1
C.hagen	snow	1
Cairo	fair	26
Cape Town	fair	25
Caracas	cloudy	29
Cardiff	sun	3
Chicago	fair	3
Cologne	cloudy	1
D' Salaam	fair	29
Dakar	cloudy	26
Dallas	fair	17
Delhi	fair	29
Dubai	sun	28
Dublin	fair	7
Dubrovnik	rain	10
Edinburgh	fair	5
Faro	shower	17
Frankfurt	fair	-1
Geneva	fair	-3
Gibraltar	shower	16
Glasgow	fair	4
Hamburg	snow	1
Helsinki	fair	-8
Hong Kong	rain	24
Honolulu	fair	29
Istanbul	rain	9
Jersey	sun	1
Karachi	sun	31
Kuwait	sun	22
L. Angeles	fair	24
Las Palmas	fair	22
Lima	fair	23
Lisbon	fair	14
London	fair	4
Lux.bourg	fair	-1
Lyon	fair	-3
Madeira	fair	18
Madrid	cloudy	11
Majorca	shower	16
Malta	fair	18
Manchester	fair	4
Manila	fair	31
Melbourne	rain	16
Mexico City	fair	21
Miami	shower	27
Milan	fair	4
Montreal	snow	-1
Moscow	clear	-15
Munich	fair	-8
Nairobi	fair	25
Naples	shower	11
Nassau	fair	29
New York	sun	12
Nice	cloudy	10
Nicosia	fair	21
Oslo	clear	-2
Paris	sun	1
Perth	fair	24
Prague	fair	-5
Rangoon	fair	33
Reykjavik	rain	8
Rio	fair	28
Riyadh	sun	24
Rome	fair	11
S. Frsco	fair	18
Seoul	rain	6
Singapore	shower	31
Stockholm	snow	-2
Strasbourg	sun	-4
Sydney	thund	23
Tangier	rain	16
Tel Aviv	fair	25
Tokyo	fair	17
Toronto	fair	-4
Tunis	fair	17
Vancouver	rain	10
Venice	cloudy	4
Vienna	snow	-4
Warsaw	fair	-8
Washington	sun	10
Wellington	rain	17
Winnipeg	snow	-3
Zurich	fair	-8

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd., 1993. "Reproduction of the contents of this newspaper in any manner is not permitted without prior consent of the publisher". "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT-ACTUARIES SHARE INDICES", "FT-ACTUARIES WORLD INDICES", and "FINSTAT" are all Trade Marks and Service Marks of The Financial Times Group.

POWER

to proceed.
In the Ukraine, unable and

Electricité de France, told the

Weekend FT

SECTION II

Weekend November 20/November 21 1993

If my memoirs serve me well . . .

The Westland affair is now seen as the turning point in Margaret Thatcher's career as prime minister. What really happened? ***Malcolm Rutherford*** *compares her ministers' competing accounts of one fateful meeting*

IN THE middle of 1985 parts of the British government became embroiled in a small argument about helicopters which, by the turn of the year, almost brought about the downfall of Margaret Thatcher as prime minister.

As Lord Howe, the former foreign secretary, wrote in this space a month ago in his review of Lady Thatcher's *The Downing Street Years*: "In many ways, the turning point of her tenure was the Westland affair."

Westland was a small aircraft company desperately in search of orders. Michael Heseltine, the defence secretary, saw the solution in a European consortium. Leon Brittan, the secretary of state for trade and industry, preferred to let the Westland management go its own way and seek arrangements with the American company, Sikorsky, and the Italian Fiat. The affair led to the resignation of both ministers, and perhaps had other consequences besides.

At least a dozen former cabinet ministers have given accounts and recollections in their memoirs. Lord Howe's will be published next year. The outstanding omissions are the principal protagonists, Heseltine and Brittan. Even without them, however, there is some intriguing material.

What follows is not an attempt to make a political point, still less to reconstruct in any detail what really happened, but simply to draw attention to the frailty of human memory and the way different people have recorded the same event.

Nicholas Ridley, the transport secretary and a man who liked to regard himself as especially close to the prime minister, got the date wrong. "I have a clear memory of the first cabinet in 1986 after the Christmas recess, on January 16," he wrote in his book *'My Style of Government': the Thatcher Years*. In fact, the crucial cabinet meeting, during which Heseltine left the government, took place on January 9.

Where Ridley comes closer to the general consensus is in noting that it was "one of the most extraordinary events I have ever witnessed."

Some cabinet ministers did not even get to see it. Lord Hailsham, the lord chancellor, recalls airily in his memoirs *A Sparrow's Flight*: "I was not present on the famous occasion when Michael Heseltine stormed out of cabinet and announced his resignation on the steps of Number 10 since my duties had taken me to Delhi at the time to attend a Commonwealth meeting of Speakers or law ministers."

The only moral Hailsham can draw from what he calls "histrionic performances of this nature" is that "they should not normally happen without a formal discussion based on one or more cabinet papers". He adds helpfully: "My own view is that, on taking office, cabinet ministers should be given a short formal induction course in staff duties by the Sir Humphrey Applebys of the system. I learned mine in the war."

Lord Young, the employment secretary, was almost not there. He was on holiday in the Caribbean when the call to the meeting came. He was told that he could be excused but "gained the impression that Mrs Thatcher would need all the friends she could get".

In his book *The Enterprise Years: A Businessman in the Cabinet* he tells of how he chartered an aircraft to Miami which nearly crashed on take-off. In Miami he found that the credit limit on his Visa card did not stretch to a seat on Concorde. Lord Young made a scene, prayed to Lord King, chairman of British Airways, and was allowed on board.

Norman Fowler, the social services secretary, might as well not have been there. He recalls in *Ministers Decide: A Memoir of the Thatcher Years* that he was in Washington on official business when he received the summons to the cabinet meeting. He arrived back in London at 10 pm on Wednesday January 8 and was briefed (not very well, it seems) on the car phone.

At the meeting next morning, Fowler was "still slightly jet-lagged." "I sat in my usual place," he notes, "three or four down from the centre of the table facing the prime minister. On my immediate right sat Michael Heseltine. Although ending in unprecedented drama it was at no stage a stormy meeting." Fowler was still puzzling about some earlier remarks "when Michael's folder closed and he left the table".

At least Fowler had the excuse that since he had not been a member of a cabinet committee on Westland, he could not be expected to know too much about it, though he might have read about it in the newspapers.

Another man who may have dozed off with rather less excuse was Lord Whitelaw, the leader of the House of Lords and deputy leader of the Conservative Party.

Whitelaw admits in his own *Memoirs* to having become "bored and irritated" by the Westland affair very early on. He writes that he thought the problems of the Westland Aircraft Company were being tackled by a "powerful new chairman, Sir John Cuckney."

"As 1985 drew to a close," he goes on: "I could never understand why the government should dispute the Westland board's judgment under Sir John." According to Lord Lawson's book, which we shall come to later, Whitelaw had become jaundiced by Heseltine some years earlier for bringing "modern gimmicks like massive computer print-outs to to the cabinet table and generally trying to blind us with science".

Of the famous meeting on January 9, Whitelaw remarks: "I was thus surprised and amazed when he (Heseltine) decided to walk out of the cabinet." Then, in a typical Whitelawism, he adds: "I regretted his departure, because it takes all sorts to make a cabinet." He concludes, in sharp contrast from some others: "It was one of those incidents which, despite the furore at the time, had no lasting impact."

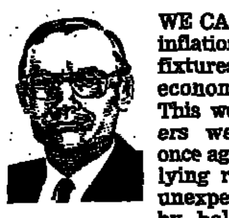
Nevertheless, Whitelaw confesses subsequently to blaming himself for what happened. He did not play his normal role of conciliator because he says he plainly believed one side to be right. With hindsight he should have "helped the prime minister more by stressing the vital doctrine of cabinet responsibility . . . I should have realised earlier that Michael Heseltine was

■ Continued on Page IX

CONTENTS

The Long View / **Barry Riley**

Belgium's bondage



WE CAN'T even rely on inflation as one of the fixtures of the British economy any more. This week the forecasters were confounded once again as the underlying rate of inflation unexpectedly tumbled by half a percentage point for the October measurement, at just 2.8 per cent.

Perhaps even stranger has been the behaviour of the labour market, where annual earnings growth has dropped further to 3 per cent although unemployment fell last month.

Such news has been enough to propel the gilt-edged market to new highs (or, in yield terms, lows). Last April in this column I speculated on the possibility that gilts might enjoy another *annus mirabilis* as they last did back in 1982. That year, long-dated government bonds produced a total return of 54 per cent as yields tumbled from 15.6 to 10.9 per cent. Perhaps 1993 cannot be so good but it is nevertheless shaping up impressively, with a total return so far of close to 30 per cent. Such a performance has left the 16 per cent return on the All-Share Index lagging far behind.

Investors in equities cannot think of low inflation as an unqualified benefit. Historically the valuation basis has often been higher at times of low inflation. But low price increases may reflect the inability of companies to pass on costs. This appears to be especially true of retailing in the UK at present: as for manufacturing, look at the dull figures produced this week by well-managed manufacturing groups such as Courtaulds and BOC. The latter warned that it feels unable to raise its next dividend, for the first time in 20 years.

When pay inflation is low, so is dividend inflation likely to be: over the past year dividends on the All-Share Index have fallen by more than 3 per cent, although there is a small net gain allowing for the damage done by the change in dividend tax last spring.

A bond market surge on the current scale happens because there is a fundamental reappraisal of the prospects for inflation. Back in the early 1980s it was tumbling from 20 per cent to the 4 or 5 per cent it sustained through the mid-1980s (before the Lawson boom took hold). This time it has started quite low but it may be going much lower.

The traditional inflationary engines of the British economy appear to have stalled. The labour market is lifeless, the housing market is drifting sideways along the bottom. In the past inflation has been persistent because governments, when faced with awkward choices, were willing to accommodate these inflationary pressures by allowing the money supply to expand. The inflation of the late 1980s, for instance, developed entirely out of the private sector's credit explosion; at the time, the government was actually running a budget surplus.

Now monetary growth is comparatively weak – about 4 per cent annually on the broad money definition, M4. It does not indicate inflationary problems during the next year or two. If inflation were to return it would be for a different reason, that the government had lost control of its finances, and was being forced to pay its debts by writing cheques through the banks without funding the payments through gilt sales. In the circumstances broad money growth would accelerate to maybe 15 per cent and sterling would begin to collapse.

Bill Martin, the gloomy economist at UBS, has been running this kind of scenario through a computer model. If the government cannot rise to the challenge of imposing a massive £40bn tax increase, he says, it will be overwhelmed by the twin budget and balance of payments deficits. The only way out will be through devaluation and inflation, which will return to a Lawson-style 10 per cent within five years. Such price rises, he says, would impose a severe inflation "tax" on the kinds of investors who this week pushed long gilt-edged yields down to scarcely more than 7 per cent.

Most of the computers have been giving erratic predictions lately, but can it really be true that bond investors are being caught in a trap? In the short run inflation goes down and down and they are forced to accept lower and lower interest rates (and higher and higher bond prices). In the medium term, however, the economic contradictions look almost irresolvable, except at the expense of those bond investors.

This is not just a British problem, of course; the current global borrowing binge promises plenty of similar crises, with ten-year bond yields in Spain, Italy and Belgium running higher than in the UK. Even in the US there are newsletter jeremiahs predicting that it will end in hyperinflation.

The questions tend to focus on whether governments can find enough finance to fund their ambitions, and at what price, but it may be that the problem is really the other way round: there is so much money easily available that governments are encouraged to undertax and overborrow.

Government bond markets have fused around the time zones into a global casino worth many trillions of dollars. These international investors do not have any votes, but the crucial question is whether nevertheless they have a measure of political power. By suddenly withdrawing support from a national bond market they could cause embarrassing weakness in the currency and force the government in question to pay more for its money.

Wednesday's austerity package from the Belgian government, the EU's most heavily indebted, was at least partly a response to distress signals from the financial markets. To stay in the game, governments are under pressure to pursue acceptable policies. But what happens when the limit is reached?

The comforting aspect for investors in British government bonds is that there are other countries that will be earlier in the firing line. We should get an early warning of the kind of minefield that might lie ahead. In the meantime, let the good times roll.

London

Behind every statistic lurks a pigeon

By Bernard Gray

IN THE never-never land of economic statistics the sun always shines, nightingales sing, inflation is low, unemployment falls, and the economy grows for ever and ever. In the cold, windswept, pigeon-infested world of business, however, markets are tough, margins under pressure and the threat of tax increases before Christmas worries industrialists everywhere.

That gulf between the economy on paper and the impressions of people working in it seemed wider than ever this week, particularly in the equity market. To the casual observer who did not trouble to look at the date, this week's economic figures might have been reprinted from the mid-1960s by mistake. Underlying inflation, which had been expected to tick up, fell to a 25-year low on Wednesday. The headline figure fell to a very un-British 1.4 per cent.

The dark side to low inflation is the fear in the market that a weak economy is holding prices down. In spite of the sunny economic outlook the FT-SE 100 index could manage a gain of only 8.9 points on the week.

Yet retail sales are up sharply over the year, as Wednesday's figures confirmed. A more plausible explanation for continuing low inflation is that cost pressures are weak. Commodities remain subdued, and unit wages in manufacturing have fallen through the year.

Paul Turnbull, economist at Smith New Court, is happy that the economy is recovering nicely and that inflation will not accelerate in the near future. As companies take up the slack, productivity gains mean that unit costs fall automatically. That should encourage those who think that the equity market has been riding ahead of companies' ability to deliver.

Even Thursday's unemployment figures warmed the heart, if not the market. The largest jobless fall for four years brought the total down to 2.85m. Ever since the total knocked at the door of 3m and turned away, the City has been suspicious that special factors were at work. Now it looks as though the reforms of the 1980s really have made the labour market more flexible.

Had you spent the week in chilly Harrogate instead of looking at a City dealing screen things might not have looked so rosy. While taking the waters the Confederation of British Industry rumbled about the dangers of tax increases to the delicate flower of recovery. Retailers have also made much of the potentially destabilising effects of a tax-raising budget in the run up to Christmas.

Still, not all of the depression is special pleading. Companies reporting this week continued the real-world gloom of many recent trading statements. Courtaulds and BOC are both suffering. BOC, which follows the prescient practice of announcing its dividends a year in advance, was forced to call a halt to its 20-year run of increased payments. It had perhaps run ahead of itself in boom times, but the industrial gases business tends to recovery late in the economic cycle. Its shares fell 13p to 618p.

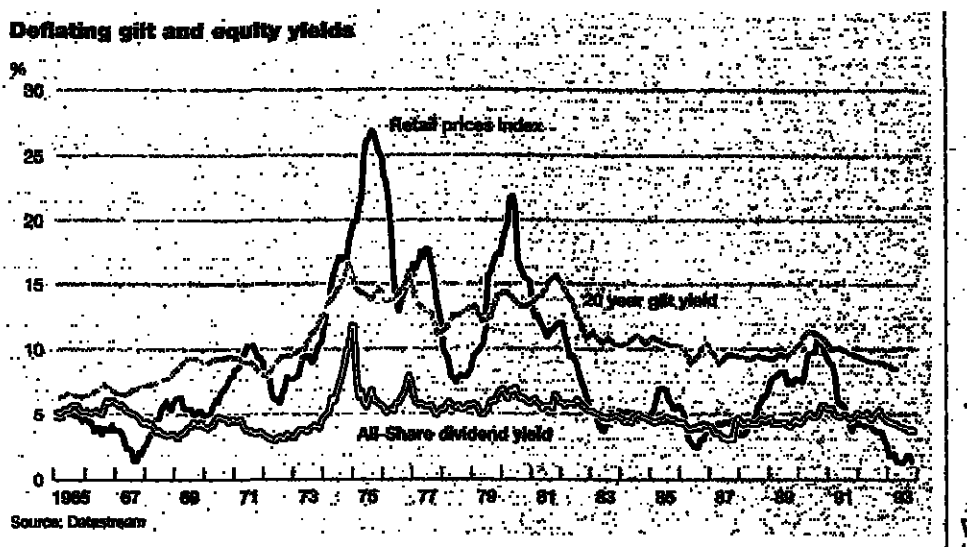
Courtaulds fared even worse with the shares falling by 51p to 433p over the week. In its global businesses the clampdown on the Chinese economy is encouraging many Asian producers to divert their low cost output to other markets, cutting margins. It will take a substantial upturn in the world economy before the chemicals giants can look for much of an upturn in profits, or dividends.

There was good corporate news, at least for some. Lucas Industries was distinctly perky when it was able to finally announce that it had persuaded George Simpson to become its new chief executive. The loser in the tug-of-love struggle was British Aerospace, which needs Simpson's services so badly that it is going to hang on to him for another six months. As the chairman of Rover he has revolutionised working practices and slashed costs while retaining the loyalty of the workforce. Lucas is looking forward to similar treatment. Since the fact only echoed the rumour, neither share was much affected.

Lord Young, chairman of Cable and Wireless, was also in chipper mood when he reported a 30 per cent increase in half year profits. The figure owed a great deal to the fall in sterling against the dollar, and the shares unenthusiastically fell by 35p to 462p. But the jewel in the ex-colonial company's crown, Hong Kong Telecom, continues to shine brightly. Not only is business in Asia booming, but the surge on the Hong Kong stock market has boosted the value of C&W's 57 per cent stake. Mercury's new One-2-One cellular service in the UK is also becoming so popular that it could do for electronics retailing this Christmas what video games did in 1992. Dixons apparently wanted 20,000 phones to sell in December, but the manufacturers cannot make them fast enough. Book early to avoid disappointment.

Such upbeat sentiments are, however, rare. The caution of company chairman about earnings prospects is starting to get through. Fears that the Budget may raise substantial new taxes also overhang the market. Tax-exempt pension funds are concerned that the chancellor may view the tax credit they get with dividend payments as an easy target. Since dividends are only thinly covered, companies could scarcely afford to increase payouts to compensate for the pension funds' loss of income.

Yet if the inflation outlook is really as benign as this week's figures suggests, and growth, at least in the UK, approaches 3 per cent in 1994, the equity market has little to grumble at. The last time that equity yields exceeded inflation for any length of time was during the great bull market of 1966-68 when share prices doubled. Rising inflation and the balance of payments crisis eventually burst that bubble. But this week, even the trade figures were good.



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3108.0	+8.9	3199.0	2737.6	Good inflation news
FT-SE Mid 250 Index	3455.3	+34.2	3547.0	2876.3	Revival in second-liners
Amstrad	39½	-12	55	22	Profits warning
BAA	923	+27	941	707	Results/overseas expansion hopes
Cable & Wireless	462	-35	509	334½	Hong Kong market slide
Courtaulds	433	-51	608	426	Disappointing results
General Accident	661	-31	741	546	Third quarter figs disappoint
Guinness	446	+22	521	388	NatWest and Capel "buy"
Kalon	160	-12	178	73	Institution sells holding
Marshalls	119	+12	125	61	Interim profits up 59%
Racal Electronics	192½	-20½	261	160	Interims due Dec 2
Tadpole Technology	262	-27	364	166	Director share sales
Tiphook	63	-32	382	37	Further profits warning
Vibroplant	86	-13	99	41	Interim profits down 27%
Whitbread A	514	+31	574½	435	Figures at top end of range

Serious Money

Emerging risks for your portfolio

By Philip Coggan, personal finance editor

EMERGING markets are so fashionable nowadays that a good contrarian is rightly suspicious. When markets are in fashion, they often rise to unsustainable levels, and those who buy at the height of the trend suffer the most.

Certainly, the phrase "emerging markets" seems to guarantee the success of a fund launch at the moment. Fidelity has raised more than $100m (£67m) for its offshore emerging markets fund since its launch in the middle of October.

Large sums are flowing into emerging markets from the US, where investors are both dissatisfied with the returns on cash and concerned with the high valuations placed on US equities. According to Micropal, the 100 largest emerging markets funds grew by over $7bn in the first six months of the year.

One sign that the trend might be getting feverish came when the Hong Kong market, seen as the gateway to the ultimate emerging market of China, jumped 20 per cent in five weeks. The market has shown signs of running out of steam in the last few days.

Dr Arnab Banerji, who is chief investment officer of Foreign & Colonial Emerging Markets, reckons that some markets are overheated at present and that "there will be tears" for some investors. But he adds that the overheated markets are only a small subset of emerging markets as a whole, and he believes the long term investment arguments hold good.

The economic case for emerging markets has been highlighted this week by the US House of Representatives' vote in favour of the North American Free Trade Agreement (Nafta) and by the trade talks between the US and the Asian countries in Seattle. Both indicate the degree of importance the Americans attach to trade with the developing world.

High economic growth rates, the presence of increasingly educated workforces and institutional change in favour of free market capitalism all add weight to the argument for emerging markets investment.

And Dr Banerji points out that, in spite of the recent inflows, institutional investors still have very little exposure to the emerging markets. Estimates of the correct weighting for emerging markets in their portfolios tend to vary between 10 and 20 per cent; most are nowhere near that levels.

Nevertheless, private investors should be cautious unless they can take a long-term view. If you can afford to wait at least five years, and possibly ten, then a broadly based emerging markets fund still makes sense for 10-20 per cent of a capital growth portfolio. An extra layer of safety could be added by investing via a savings scheme. But if you are investing on a one or two year view, the risk of a correction in these fashionable markets is too great.

■ ■ ■

THE UK Equity Income sector may be less exotic than the world of emerging markets, but it remains one of the favourites of private investors. Now that unit trusts are so often bought in the form of Personal Equity Plans, investors will naturally gravitate towards any sector which offers a higher- than-average yield.

But the latest report from Fund Research shows what a difficult year it has been. The average dividend paid by UK companies has fallen by 3.9 per cent. Around 95 per cent of trusts in the sector have been forced to cut their distributions over the last two years (a notable exception is the M&G Dividend fund, profiled on page IV).

The yield offered by the sector has dropped from 6.2 to 3.8 per cent over the past 12 months, although that mainly reflects the enormous rise in share prices since sterling left the Exchange Rate Mechanism (as share price rise, yields fall and vice versa)..

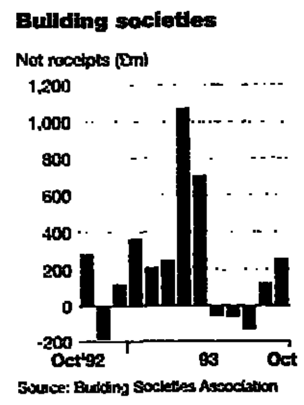
This shift has created a problem for the sector's fund managers. To qualify as an equity income fund, they must produce a yield to investors which is 110 per cent above the All-Share. But this yield is measured after charges and as equity yields have fallen, overcoming the charges hurdle has become more and more difficult. Assuming an All-Share yield of 3.76 per cent, Fund Research calculates that managers would have to invest in a portfolio yielding 5.64 per cent to meet the target.

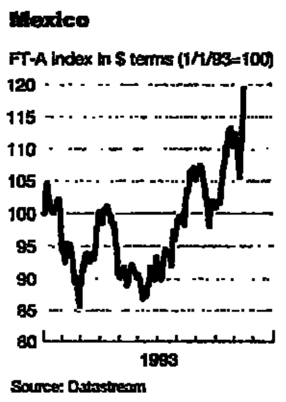
Some managers have attempted to bridge the gap by investing in fixed interest securities and convertibles; others seem to have given up the ghost altogether. Fund Research calculates less than half of the trusts in the sector offer the requisite yield. The Association of Unit Trusts and Investment Funds is re-examining its guidelines, which might ease the pressure on the managers.

There is some good news to report, however. High-yielding shares have performed particularly well since Black Wednesday, and the average trust in the UK equity income sector has outperformed both the All-Share and funds in the UK equity growth sector.

Furthermore, Fund Research feels that, in terms of income, the worst is behind the sector and investors can look forward to resumed growth in distributions, although not at the rate which was achieved in the 1980s.

AT A GLANCE





Building societies attract £258m of net funds

Building societies attracted £258m of net funds last month – just over double the net inflow in September, which ended three months of net outflows. Commenting on the relatively subdued inflow at a time of the year when people traditionally build up savings to finance Christmas spending, Adrian Coles, association director-general, highlighted the stiff competition for retail funds at a time of low interest rates. He said postal savings accounts had been particularly successful in attracting customers.

Boost for Mexican stocks

The US House of Representatives' approval of the North American Free Trade Agreement (Nafta) on Wednesday had been widely anticipated by investors on the Mexican stock market, who expected the agreement to boost Mexico's economy. Shares have risen strongly in recent weeks: the IPC index went to record levels on five successive days in the run-up to the vote, tailing off only during Wednesday's session. Trading on Thursday, after news of the expected result, was characterised by alternate strong demand and profit taking. However, in dollar terms the index made only a modest gain on the week. In the longer term, equities are expected to gain.

New fund launched via bond

NM Financial Management is offering a new fund which can be purchased via its single premium investment bond – Capital Bond Plus. The CCM Haven Fund will invest in a mixture of the zero and income shares of split capital investment trusts, the permanent interest bearing shares (PIBS) issued by building societies, gilts and short term sterling deposits. The aim is to produce a 7 per cent gross yield. Charges are 5 per cent initial and 1 per cent annual.

Ethical portfolio list

Ethical investors can obtain a list giving details of seven fund managers and stockbrokers who manage portfolios with ethical constraints. The list is published by the Ethical Investment Research Service (Eiris, Freepost, London SW8 1BR. Free) which also offers a screening service to private investors to vet stocks along ethical criteria. Eiris is unable to give recommendations or to assess the quality of financial advice.

Two new fixed-rate mortgages

Woolwich building society is offering two new fixed-rate mortgages; a seven-year fix at 8.15 per cent and a four-year at 6.99 per cent. The APRs on repayment loans are 8.8 per cent and 7.5 per cent respectively; the mortgage is also available on an endowment, pension plan and Pep basis. The redemption penalty is six months interest on both loans; application fees are £250-£275.

Smaller companies index falls

Small company shares fell once again this week. The Hoare Govett Smaller Companies Index (capital gains version) dropped 0.4 per cent from 1589.06 to 1582.02 over the week to November 18.

Wall Street

The bulls intend to go down fighting

AFTER spending the best part of a week biting their nails over the outcome of the Nafta vote in the House of Representatives, US investors wasted little time celebrating Wednesday's decision. Instead, they immediately returned to what they had been doing for most of this month – biting their nails over the implications of rising long-term interest rates.

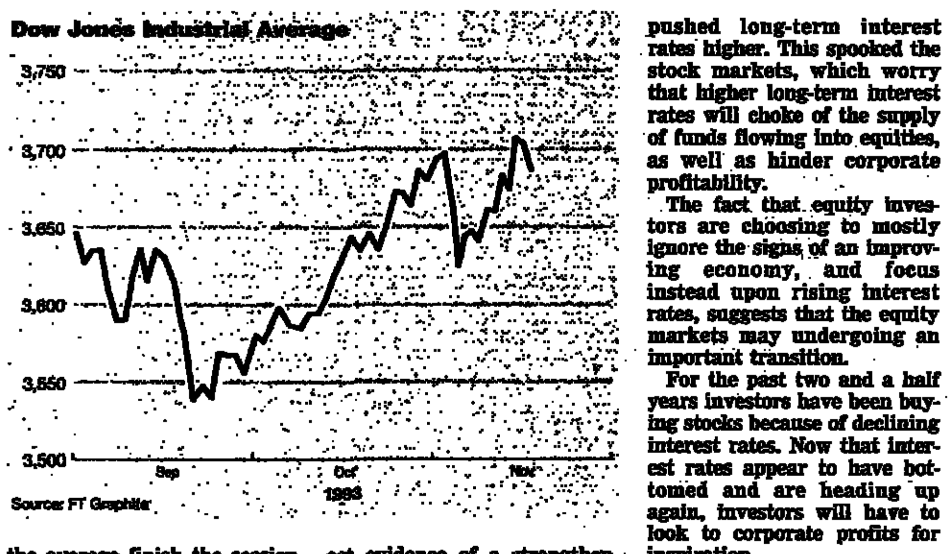
For several days the financial markets had been unsettled by the uncertainty over whether the House would approve the legislative changes that paved the way for implementation of the North American Free Trade Agreement. The trade pact was viewed as positive for stocks, because it should boost exports, and for bonds, because removing trade barriers should help dampen inflationary pressures in the world.

Although concern about the House vote showed more in bond prices than stocks, some analysts were fearful that defeat for the President on Nafta would have been sufficiently jarring to trigger a stampede out of stocks – the kind that might have heralded the end of the long bull market in US equities.

By Tuesday, however, sentiment in the House seemed to be shifting the President's way, and optimism about the outcome fed through into the stock markets. On Tuesday afternoon the Dow Jones industrial average closed above 3,700 for the first time, and investors had decided the time was right to discount a pro-Nafta vote.

There was nothing unusual in that, except that by celebrating Nafta's approval before the event, investors left themselves with no room to buy stocks after the vote. As Michael Metz, the market strategist at broking house Oppenheimer said on Tuesday night: "If Nafta is approved, it [the market] goes down quietly. If it is rejected, it goes down noisily."

In the end, Nafta was approved by a comfortable margin, and the markets went down, although not as quietly as Metz had anticipated. At one stage on Thursday the Dow was down 35 points, before a late round of computerised program buying helped the average finish the session only 20 points off on the day.



It was a different story in the bond market, however. Like equities, bond prices suffered from pre-Nafta nerves. Unlike equities, bond prices never enjoyed the luxury of discounting a pro-Nafta vote. Instead, they fell steadily throughout the week, under pressure not just from Nafta worries but also from the latest evidence of a strengthening economy.

That evidence came in several forms, including: a rise in October industrial production; a big decline in weekly jobless claims; fresh signs of recovery in the housing market; improving business activity in the Philadelphia Federal Reserve Bank's district; and a jump in export sales.

The declines in bonds pushed long-term interest rates higher. This spooked the stock markets, which worry that higher long-term interest rates will choke of the supply of funds flowing into equities, as well as hinder corporate profitability.

The fact that equity investors are choosing to mostly ignore the signs of an improving economy, and focus instead upon rising interest rates, suggests that the equity markets may undergoing an important transition.

For the past two and a half years investors have been buying stocks because of declining interest rates. Now that interest rates appear to have bottomed and are heading up again, investors will have to look to corporate profits for inspiration.

At some point – and it has not yet been reached – the stock markets will have to learn to live with higher interest rates, and start drawing strength from the fact that the economy is getting stronger and corporate earnings are improving.

Before they reach that point, however, the markets are going to have to give up some ground. Stocks are just too expensive for the transition from an interest rate-led market to a profits-led market to be a smooth one. Those analysts who expect a correction are looking for a decline in the Dow in the region of five per cent, or at least well below 3,600.

This may be an overly pessimistic outlook. Consider what happened yesterday. The bond market, in the wake of yet more positive economic news, plunged, pushing bond yields up to 6.35 per cent, their highest level since mid-August.

The jump in bond yields hit the stock markets hard, but by midday the Dow was down 20 points and rebounding from its lows, and a good deal of the selling could be put down to trading related to the expiration of stock futures and options. This bull market is not going to end without a fight.

Patrick Harverson

Monday	3677.52	− 6.99
Tuesday	3710.77	+ 33.25
Wednesday	3704.35	− 6.42
Thursday	3685.34	− 19.01
Friday		

The Bottom Line

Joys of duty-free shopping

THE HALF-year profit increases reported this week by British Airways and BAA, the privatised British Airports Authority, have confirmed civil aviation as one of the UK's corporate success stories.

At a time when most other international airlines are still struggling to return to the black, BA's interim pre-tax profits rose 3.5 per cent to £235m, which including an impressive 26.5 per cent increase in second quarter profits, making it the most profitable airline in the world.

BAA, the only privatised airports operator in Europe, showed an 8.7 per cent rise in interim pre tax profits to £237m and said some 20 to 30 airports around the world were interested in forming collaborative or equity partnerships with it to help them expand and modernise.

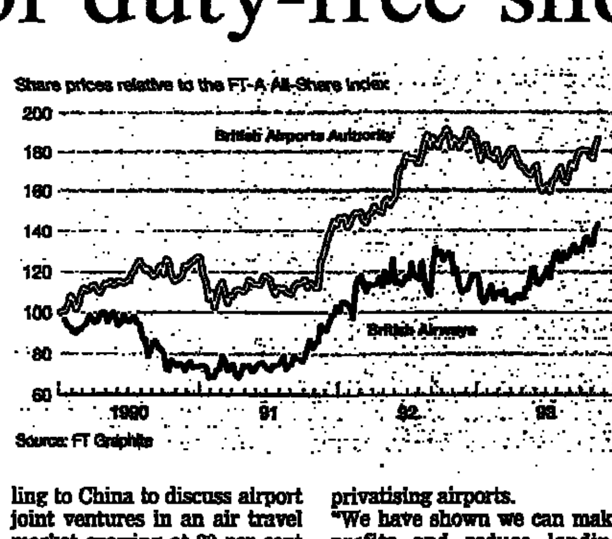
The performance of both UK air transport stocks was much in line with analysts expectations. Both are seen as good buys since both companies are well positioned to take advantage of the gradual recovery in air travel from the prolonged slump caused by the combination of the Gulf crisis and the economic recession.

However, the City is divided on which stock is the better bet. For some, BAA is the safer investment in that its income flow is directly related to the increase in passengers using its airports without the competitive risks faced by airlines.

BAA's latest traffic forecasts predict that demand for its seven UK airports will grow at an annual rate of 3.8 per cent up to the end of this century.

Faced with a more stringent regulatory pricing formula for its landing charges, BAA has continued to expand its retailing activities which are turning its airports into large shopping malls. For the first time, retailing has become the company's largest source of income overtaking landing charges.

Sir John Egan, chief executive of BAA, has been travelling to China to discuss airport joint ventures in an air travel market growing at 30 per cent a year. He is also in discussion with airports in continental Europe, especially Rome, where government's are beginning to see in BAA's performance the positive benefits of privatising airports.



"We have shown we can make profits and reduce landing charges as a private concern," Sir John said this week.

But as a quasi-monopoly, BAA's dividend yield remains conservative at 2.2 per cent and its decision this week to raise the interim payout by 8.6 per cent to 6.75p a share proved somewhat disappointing to the market.

Moreover, the company faces heavy spending in the next years to build the new £900m-£800m fifth terminal at London's Heathrow airport, its star asset, as well as in possible future investments in other international airports. There is a suspicion that the company will launch a rights issue.

BA's 3.3 per cent dividend yield reflects the greater risks attached to the stock. Although airline shares are not for the faint-hearted – the UK-US air war over BA's ticket codesharing deal with USAir, its US partner, flared again this week; ticket discounting continues; and over-capacity plagues the market – BA is probably in the best position of any international carrier to profit form the overdue cyclical recovery in the business.

While continuing to drive down its cost base (by the end of this year BA will have reduced underlying costs by £500m in the last three years), BA has taken a lead in the industry to form a global network with partners in the US, Australia and Europe.

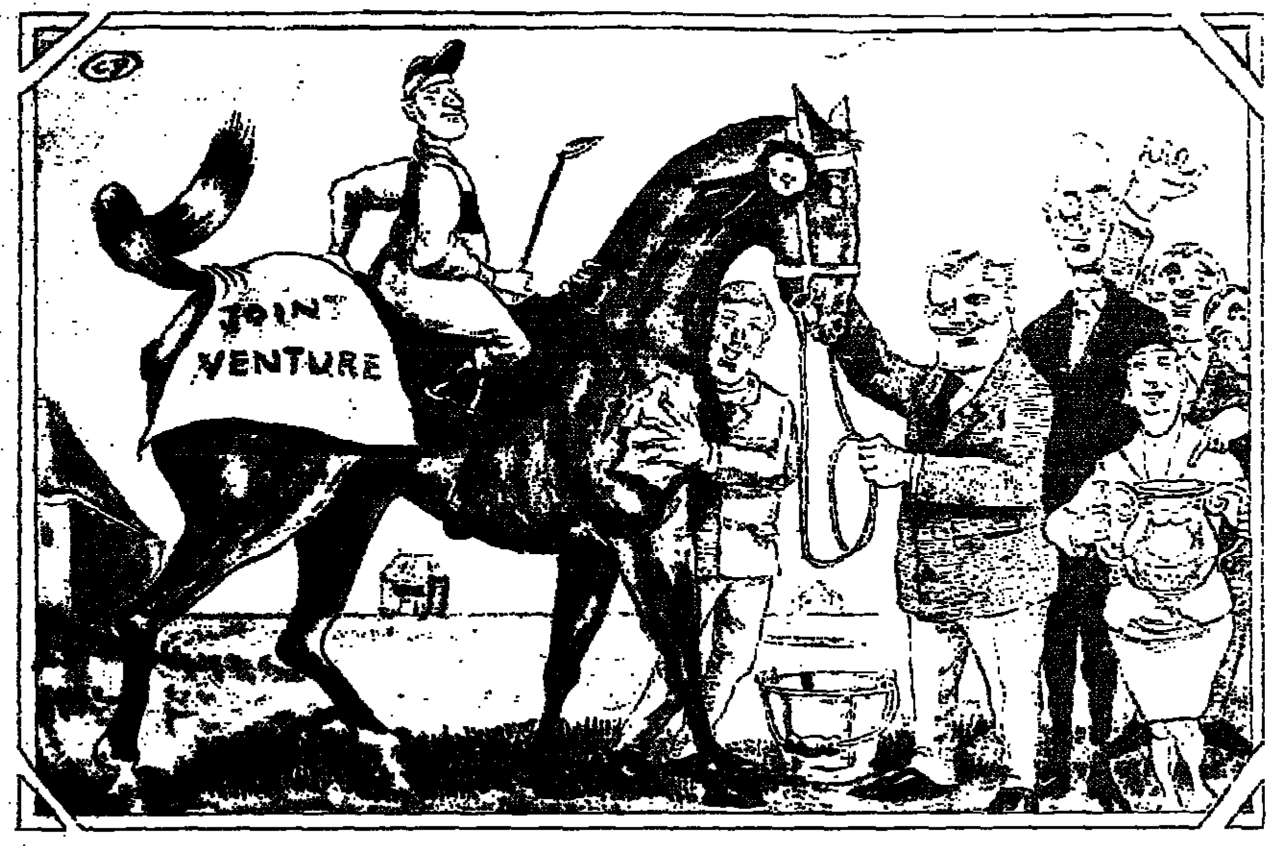
Sir Colin Marshall, BA's chairman, reported signs of improvement in the airline's two most important markets, the US and the UK, as well as some recent growth in first and business class premium traffic. It also plans to bring fewer new aircraft into service next year and in 1995. BA appears poised to see sustained profit growth. Chris Tarry, Kleinwort Benson's aviation analyst, upgraded his profit forecasts for the airline this week and expects BA to show pre-tax profits of around £350m-£400m in 1996.

All in all, many in the City believe BA could provide risk inclined investors with more attractive rewards than a lower yielding privatised utility such as BAA.

Paul Betts

Investment clubs are coming to Britain. Scheherazade Daneshkhu reports on a new way for investors to pool ideas and money for profit

Savers who are caring, and sharing



THE IDEA is widespread in the US but has never taken off with the same enthusiasm in the UK. This week, however, Proshare, the organisation which aims to promote deeper and wider share ownership, launched ProShare Investment Clubs to inject renewed interest into the concept.

Investment clubs are a way for people who know, like and trust each another to meet regularly in order to make collective stock market investments by pooling knowledge and funds.

The idea is to make direct stock market investment affordable. For example, if 10 individuals can each afford to save up to £30 a month for a stock market investment, it would take at least a year for each to build a worthwhile lump sum to invest. By pooling the amounts, it would only take a few months before entering the market could become viable. People who want to invest, but do not have the confidence to do so on their own, may find being part of a group the answer.

Brokerage costs also account for a smaller proportion of the total investment when compared to the costs of buying and selling 10 separate investments. Moreover, informal meetings can make investment as enjoyable as any of the more conventional club activities, such as golf or playing bridge.

Sir Peter Thompson, chairman of ProShare says: "Investment clubs are for everyone – they are a fun, sociable and cost-effective way for the British public to discover the excitement of investing in the stock market. You don't need a fortune, just enthusiasm, a group of friends, business colleagues or acquaintances, a few hours a month and a little surplus cash."

The first investment club was founded in Texas in 1898 but it is the Mutual Investment Club of Detroit, set up in 1940 by Frederic C Russell, an American businessman, which is regarded as the spur to the worldwide investment club movement.

Russell died in 1965 but the investment club he founded, and which has averaged 18 members, is still in existence. Over the years members have subscribed $300,000 and the club now has a portfolio worth $2.5m (£1.67m) after withdrawals of $1.2m.

There are more than 9,000 investment clubs in the US, with a total of 230,000 members, and 15,000 clubs in France. Investment clubs were first launched in the UK in the late 1940s. Although the National Association of Investment Clubs, established in 1959, helped to create 2,000 investment clubs, the 1987 stock market crash contributed to a fall in numbers to an estimated 600 today, with an average of 12 to 15 in each.

ProShare has taken over the NAIC and relaunched it as ProShare Investment Clubs with membership costing £50. Members will receive a 70-page manual on establishing and running an investment club, a monthly newsletter and the ProShare Guide to Information Sources, a useful directory of places to search for investment advice.

Membership brings with it automatic registration with ProShare Investment Clubs and allows access to any special offers and discounts as well a helpline. ProShare is also offering, free, its *Shares for You* video and two copies of its *Guide to You and Your Stockbroker*. Alternatively, the manual can be purchased for £25 and the video will be sent free.

ProShare will not introduce individuals to existing investment clubs. Since money in a club is pooled, trust between members is important and it is unlikely that any club will welcome the inclusion of strangers. Instead ProShare recommends that an individual gathers round them like-minded people to form their own club (see the accompanying panel).

One disadvantage of investing through a club is that it is not possible to take advantage of tax-efficient personal equity plans which are for individuals only. However, many investment club members are likely to have investments of their own and can use a Pep for these shares. Sir Peter Thompson says if the investment club movement takes off, ProShare will lobby for similar tax advantages to be extended to club investments.

Barclays stockbrokers has linked up with ProShare to offer investment clubs a share-dealing and administration service. Other brokers are likely to provide a similar service in the near future.

Barclayshare Investment Club package offers a portfolio service from £12 a quarter (plus VAT) or an advisory service from £30 (plus VAT) a quarter.

The minimum brokerage fees for equities are 1.5 per cent on the first £10,000 in the portfolio service and 1.35 per cent in the advisory service.

■ *Proshare: Tel: 0800-556622.*

Setting up a club

AN INVESTMENT club is like a DIY unit trust with the members of the club deciding which stocks to invest in collectively.

Tony Drury, managing director of ProShare Investment clubs, emphasised the importance of setting up the club safely using correct procedures.

ProShare's Investment Clubs manual is a guide to how to do this and contains a draft constitution and draft club rules, suggestions for the agenda for the meetings and Inland Revenue forms.

■ Size

The ideal number of members, according to William Lowe, who used to run the NAIC and is now President of ProShare Investment Clubs, is 15 to 18 – partly because a larger group is likely to result in fewer people having a say in discussions.

ProShare suggests that the club is organised as a partnership, for which the legal maximum is usually 20 people. However, some clubs are happy to be much larger (see below) but should take legal advice about their structure.

■ Where to meet

Although some clubs meet in members' homes, this can be a strain. Since the club is meant to be as much a social affair as a way to invest money, many clubs meet in the back room of a pub or in a hotel or restaurant.

ProShare suggests monthly meetings in a regular pattern, such as the first Monday of each month. At its first meeting, the club should pick a name and elect a chairman, treasurer and secretary.

■ Security of funds

ProShare says it knows of no instances in which a member of an investment club has run off with the funds. It advises registering shares in the name of the nominee company of the club's stockbroker as the most secure way of holding the club's securities.

Since company reports and correspondence will then be sent to the nominee company, the club should arrange with its stockbroker that the material is forwarded to it.

Another common method of holding the assets is to appoint two or three members as trustees and register the shares in their name. A club will also need a bank or building society account in which to hold liquid assets. The account should be in the name of the club with cheques requiring the signature of at least two members.

■ Keeping account

ProShare suggests that members probably need about £500 before it is worthwhile making their first stock market investment.

It is up to the club to set the level of contributions and whether these should be collected in a lump sum or on a regular basis. The club should also decide whether it wants to pay out a dividend to members or reinvest the income.

Since members will drop out of the club, or some will want to encash their holdings, it is essential to have an easy method to determine who owns what. The unit valuation system is probably the simplest way to do this.

The club needs to set the initial value of units – £1 is the easiest number. If members contribute £30 each at the first meeting, they will each hold 30 units.

To obtain the value of a unit at any future date, the club's net assets (its investments and cash in hand, minus liabilities) should be divided by the number of units bought by members.

A member will then be able to calculate the value of his or her investment based on the number of units held.

■ Leaving the club

Members should give notice if they want to encash units or leave the club. ProShare suggests that they should be required to give warning of their intention before the next meeting and that the rules of the club should state a maximum period of three months before a payout. Although the payout will often be made much sooner, the 90-day clause should cover the club for the amount of time it might take to pay several members giving notice.

In the mutual interest...

WHEN Peter and Hilary Rost helped set up the Mutual Share Ownership Investment Club in 1962, they wanted to invest more in the stock market than their resources would allow, so pooling money with friends seemed the solution. Now, their club is probably the UK's oldest.

Although Peter Rost was a stockbroker, Hilary stresses that it has always been an "amateur club" with a cross-section of members, including farmers, plumbers and housewives.

The club is unusually large with about 60 members. "We elect a committee which makes the day-to-day decisions and we meet every three months," said Hilary. "We meet more frequently when there is new money to add stocks to the portfolio. About 15-20 people usually attend."

Meetings are held at the Rost's home in Berkhamsted, Berks. Hilary says it was important to have a lawyer draw up club constitution and rules. The club has used nominee accounts from inception.

New members either make a lump sum downpayment or monthly contributions using a banker's form. The average monthly payment is £15 to £20. The portfolio is valued at the beginning of each month and the new unit price calculated. Hilary took over this task once the accountant's fees became "ridiculous." It only takes her only half an hour now that the books are kept on computer.

The portfolio holds five or six stocks which include: Eurotunnel, BP, Lonrho, Fleming Chinese Investment Trust and Abtrust's recently launched Emerging Economies Investment Trust. Dividends and profits are reinvested.

Hilary says the main early difficulty was lack of stock market understanding. "Choosing shares was also difficult. We did not, for example, know what distinguished the shares of one food company from another. So we spent a lot of time reading and cutting out articles to discuss at the meetings."

She said: "We outperformed the market until the recession and the portfolio is now worth £65,000 although it has been as much as £100,000. It is great fun – you can be the last of the big spenders and you feel you have a stake in the companies."

FINANCE AND THE FAMILY

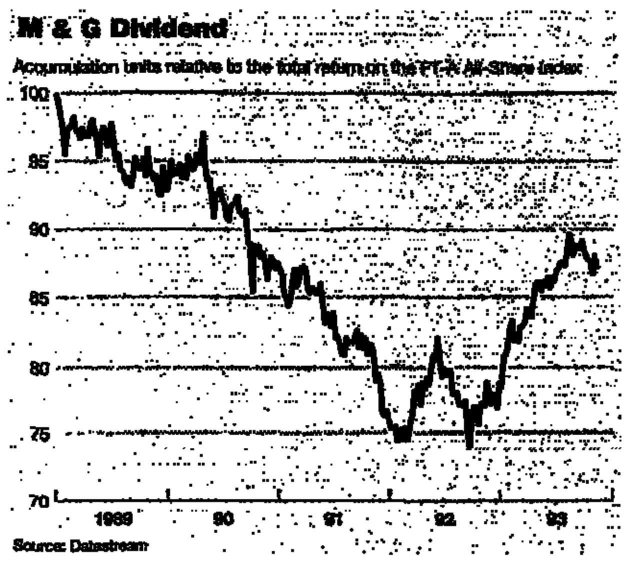
Unit Trusts/M&G Dividend

Making good in bad times

THERE CAN be few blue chip companies which have matched the income record of the M&G Dividend fund. Founded in 1964, there has never been a year in which the trust has cut its distribution to unitholders.

Since launch, it has grown by a compound 14.7 per cent per annum (including net income reinvested). Someone who initially invested £1,000 would now be receiving an income of £564.

But like other trusts in the M&G range, things have not been easy over the past five years. The high yield philosophy of the trust means that, like its sister Recovery fund, it tends to invest in weaker companies, which perform badly in recessions.



Manager Patrick Harrington says that 1991, the year he took charge, was an awful time for the fund, with many companies in the high yield sector of the market either cutting dividends or simply not surviving.

The good news has come since sterling's departure from the Exchange Rate Mechanism which, for the Dividend fund, was a golden, rather than a black, Wednesday.

Over the year to November 1 1993, the fund has returned 36.6 per cent (offer-to-bid with net income reinvested: source Micropal) to unitholders.

Furthermore, the problems which have faced the Dividend fund have also plagued the rest of the UK equity income sector, so its relative performance looks good. It is 20th out of 106 funds over one year, 17th out of 104 over three, 27th out of 94 over five years and 9th out of 51 funds over the 10-year period.

Yield is the first consideration for Harrington when he selects a share. When the trust was first established, it aimed to produce an income 50 per cent higher than that on the All-Share – a very difficult target these days. Nowadays, Harrington only needs to produce a yield which is 10 per cent higher than that provided by the Index.

Even that target has caused difficulties for some funds in the UK equity income sector, since it is measured after the manager's annual charge has been deducted.

With an annual charge of just 0.75 per cent, compared with a sector norm of 1 per cent to 1.5 per cent, M&G Dividend has found the going easier than most. The fund currently yields 4.07 per cent; Harrington hopes to be able to push up the yield to 20 per cent above that of the All-Share.

The recession has made Harrington concentrate on those high-yielding companies which are soundly-financed. "The problems we have suffered were with companies where the balance sheet was weak." His favourite situations occur when companies are restructured. "If new management comes in and shakes things up, performance can be changed quite rapidly," Harrington says.

As with other M&G managers, Harrington is very much a stock-picker. "One cannot worry about sector weightings because of the yield consideration," he says. "For years we had nothing in the low-yielding health and household sector."

At the moment, the fund has quite high weightings in depressed sectors such as food manufacturing. "In the early 1980s, the trust made quite a lot of money out of restructurings in the manufacturing sector," he says. Harrington hopes that the same thing might apply to the consumer sector in the 1990s.

The 10 largest stocks in the portfolio are: BT, Zeneca, Harrison & Crosfield, BAT, Dalgety, ECC, British Gas, Booker, Commercial Union and T&N.

Harrington says that around 50 per cent of the fund is in FT-SE 100 stocks; 25 per cent is in the next 100 (the so-called Tootsie); the remaining 25 per cent is in smaller companies.

Even though M&G Dividend, at £821m, is one of the largest trusts in the industry, Harrington perceives his role on a commendably human scale. "I run the fund for the old lady in Southport who is living off the income. We try at least to maintain the dividend in real terms," he says.

That has not been possible during the recession, but at least the trust has managed to increase its distributions, when many funds in the sector have been making cuts.

■ Charges. The initial charge is 5 per cent and the annual charge is 0.75 per cent; the bid-offer spread is 5.5 per cent. The minimum investment is £500, or £40 a month. Both income and accumulation units are available; distributions are made twice a year. The trust is available in Pep form; minimum investment is £1,000.

Philip Coggan

News in Brief

Two new offshore funds have been added to the range offered without initial charges through US broker Schwab's International FundSource Service, which was launched two months ago.

The two latest additions are the Guinness Flight Global Strategy Fund, a managed currency distribution fund, and Guinness Flight International Accumulation, a managed currency accumulation fund. Investors can now buy into more than 50 offshore funds without the usual initial charge of about 5 per cent. Annual management charges are still payable. The minimum investment is $2,000 per fund and $1,000 for subsequent investments. For details call 0800-526027

* * *

Artscope, the specialist fine art insurance broker, has launched a high-tech system to store images of art works and help track them down if they are stolen.

The system, known as Artist (Artscope Imaging and Storage Technology), captures images of paintings and antiques on site and stores them digitally on a secure computer, from where they can be transferred instantly to police, antique dealers and auction houses if a theft occurs. The service is available free to qualifying Artscope clients. More details from 0252-544000.

* * *

Foster & Braithwaite is offering a 1 percentage point off the initial charge on its two unit trusts which invest in investment trusts. According to Micropal, the F&B High Income Investment Trust fund is ranked second (out of 12 funds) in its sector over the year to November 1 and the F&B Investment Trust fund is third over the same period. The normal initial charge on the F&B funds is 5.5 per cent and the annual charge 1.25 per cent.

* * *

Capital Ventures, the Cheltenham-based financial services company, has launched an enterprise zone trust to buy a retail unit in phase 2 of the Parkgate, Rotherham development which is let to Focus DIY on a 25-year lease.

The initial yield after expenses on the scheme, which is called Cert XVII, will be about 6.7 per cent on the gross investment, according to Capital Ventures, which estimates that this equates to a return of 10.5 per cent to a top rate taxpayer.

The deadline for subscription both to this EZT and Cert XVI, which will build retail units at Flint in North Wales, is December 24. Capital Ventures is hoping that investors in its Cert I EZT launched in 1987 will use their capital distribution from the investment to reinvest in Cert XVII and is offering them priority rights until November 30.

* * *

Alliance & Leicester building society has reduced the rate on its two-year fixed rate mortgage from 6.25 per cent to 5.95 per cent because of increasing competition in the market. There is an arrangement fee of 0.5 per cent of the loan, up to a maximum of £300. This is one of a number of fixed rates available from one to five years from the society. All are portable and available on repayment, endowment and pension-linked mortgages.

The Week Ahead

Allied-Lyons, the UK drinks, food and retailing group reporting on Tuesday, is expected to show a rise of some 24 per cent in pre-tax profits to about £290m – but by a more modest 7 per cent if exceptionals and restructuring costs are excluded. The pace of progress at the trading level is likely to be even slower.

The results will include the first contribution from its UK brewing joint venture with Carlsberg launched early this year into a fiercely competitive and still declining UK beer market. The pub trade recovery remains patchy.

PowerGen, the electricity generator, is expected to announce half year profits of between £105m and £110m on Wednesday, against interims last year of £95m. City attention will focus on dividends.

Following the company's announcement of a change in cover policy, analysts expect dividends to rise by at least 15 per cent annually in the next few years. But with the industry regulator considering whether to refer PowerGen and National Power to the Mergers and Monopolies Commission, there is pressure on the company to be conservative.

Scottish Power, the vertically integrated electricity company will announce half year figures on Thursday with analysts expecting about £107m-£118m, against £95m this time last year, and a dividend of 4.09p-4.12p (3.72p).

Interim results from Northern Foods due on Tuesday are expected to have a downbeat tone although pre-tax profits are forecast to rise from £68.4m to around £72m for the half to end-September. Although still chirpy at the annual meeting, the company has encountered worsening trading conditions since the second quarter.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bennett & Fount ‡	2*	2½	4	2.10	Marlowe
British Syphon †	97	85	85	32.80	Graystone
Ferranti Int'l	1*	1	2¾	110.00	GEC
Multitone	143*	140	131	21.50	Champion Tech.
P-E Intl. ‡	73	73	65	15.97	Cray Elect
Whitbread Inv Co	745	795	690	470.10	Whitbread

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 19/11/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ‡Value of bid based on remaining 25% of shares. ‡ Net asset Value.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bett Brothers	C&C	Aug	4,360	(9,730 L)	7.53	(-)	2.0	(-)
BOC Group	Chem	Sep	337,000	(215,000)	42.97	(44.15)	23.2	(23.2)
Clydesdale Bank	n/a	Sep	89,200	(59,000)	-	(-)	-	(-)
Fenner	Eng	Aug	315	(5,500)	-	(-)	-	(-)
Ferraris	M&MF	Aug	661	(191)	8.1	(1.2)	2.0	(1.0)
Jupiter European Inv.	InTr	Apr§	509	(14)	4.54	(1.24)	2.1	(0.1)
Millwall Holdings	H&L	May	1,000 L	(3,460 L)	-	(-)	-	(-)
Moran Holdings	n/a	Jun	274	(2,100 L)	-	(-)	-	(-)
Sidlaw Group	O&G	Sep	11,100	(10,500)	20.3	(20.9)	10.5	(10.0)
Stanhope Properties	Prop	Jun	62,000	(214,700)	-	(-)	-	(-)
Tadpole Technology	Elec	Sep	749	(1,700)	3.5	(-)	-	(-)
Tepnel Diagnostics	H&H	Jun	1,360 L	(-)	-	(-)	-	(-)
VTR	Med	Aug	884	(434)	7.7	(3.5)	3.75	(3.4)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ADT	n/a	Sep★♦	36,900	(33,400)	-	(-)
Aitken Hume Intl.	OtFn	Sep	1,600	(871)	-	(-)
Ascot Holdings	Prop	Sep	555 L	(66,600 L)	-	(-)
Atreus	BdMt	Sep	551	(458)	0.264	(-)
Baring Stratton	InTr	Sep§	228	(269)	-	(-)
British Airport Auth.	Tran	Jun	237,000	(218,000)	6.75	(6.25)
British Airways	Tran	Sep	172,000	(136,000)	3.18	(2.93)
British Gas	O&G	Sep★	225,000 L	(190,000 L)	-	(-)
British Steel	M&MF	Oct	27,000	(61,000)	0.5	(-)
Brockhampton Holdings	n/a	Sep	3,430	(1,870)	3.0	(2.2)
Cable & Wireless	TelNe	Sep	609,000	(578,000)	2.6	(2.37)
CML Microsystems	Elec	Sep	1,650	(1,500)	-	(-)
Commercial Union	InCo	Sep★	144,200	(6,100)	-	(-)
Courtaulds	Chem	Sep	98,400	(88,400)	4.0	3.8
Critchley Group	Elec	Sep	1,600	(1,300)	2.6	(-)
Cullens Holdings	FdRt	Aug	18	(18)	-	(-)
Currie (Martin)	InTr	Oct	183	(238)	-	(-)
Dale Simpson	n/a	Jul	1,210	(88)	-	(-)
De La Rue	PP&P	Sep	66,100	(46,000)	6.0	(3.85)
Drayton Korea Trust	InTr	Sep§	85	(152)	-	(-)
Essex Water	Wat	Sep	9,900	(9,400)	39.1	(36.8)
European Motor Hldgs.	Mtrs	Sep	2,640	(881)	1.725	(1.5)
Ferranti	Elec	Sep	19,400 L	(10,900 L)	-	(-)
FKI	Eng	Sep	22,100	(15,600)	1.5	(1.2)
Foreign & Genl. Inc.	InTr	Sep	407	(477)	-	(-)
Forward Group	Elec	Jul	930	(461)	2.0	(1.3)
General Accident	InCo	Sep★	208,100	(95,100 L)	-	(-)
Grampian TV	Med	Aug	1,550	(1,440)	1.5	(1.1)
Hardy Oil & Gas	O&G	Sep	2,140	(527)	-	(-)
Heath (C E)	InBr	Sep	14,900	(4,190)	5.0	(5.0)
Hogg Robinson	BsSr	Sep	14,300	(10,100)	2.75	(2.6)
Jarvis Porter	PP&P	Aug	3,420	(1,850)	1.65	(1.5)
Jeanups	Mtrs	Aug	547	(317)	1.5	(1.5)
Kembrey	Elec	Oct	29	(304 L)	-	(-)
Kleinworts Emerg. Mkt.	n/a	Sep★	19	(-)	-	(-)
Land Securities	Prop	Sep	118,900	(116,500)	6.6	(6.3)
Locker (Thomas)	Eng	Sep	329 L	(188)	0.2	(0.35)
Marshalls	BdMa	Sep	10,200	(8,410)	1.25	(1.25)
Merchant Retail	FdRt	Sep	31 L	(467)	0.2	(0.35)
Meyer International	BdMa	Sep	19,000	(9,500)	4.2	(4.2)
Porter Chadburn	Cong	Oct	1,400 L	(5,300 L)	-	(-)
Portsmth.& Sund.News.	Med	Sep	3,750	(3,390)	3.12	(2.84)
Property Partnerships	Prop	Sep	884	(1,010)	2.6	(2.55)
Regalian Properties	Prop	Sep	869 L	(21,500 L)	-	(-)
Renold	Eng	Oct	2,400	(800)	0.7	(-)
RPC Group	PP&P	Sep	4,240	(3,810)	1.0	(-)
Sedgwick	InBr	Sep	63,600	(55,600)	-	(-)
Shaw (Arthur) & Co.	BdMt	Oct	243	(124 L)	0.5	(-)
600 Group	Eng	Sep	1,590 L	(240 L)	0.5	(1.0)
Sketchley	BsSr	Oct	3,600	(3,100)	1.0	(1.0)
Sonic	PP&P	Sep	133	(10 L)	1.0	(-)
Storehouse	Strs	Oct	11,600	(27,300)	2.5	(2.5)
Suffolk Water	Wat	Sep	2,900	(2,400)	23.3	(23.7)
Telegraph	Med	Sep★	39,700	(30,300)	-	(-)
Unilever	FdMa	Sep★	613,000	(584,000)	6.08	(5.2)
Vibroplant	C&C	Sep	1,460	(2,030)	1.22	(1.22)
Volex Group	Elec	Sep	4,800	(3,210)	6.5	(6.5)
Vosper Thornycroft	Eng	Oct	9,080	(8,280)	5.3	(4.7)
Whitbread	B&D	Aug	135,700	(119,700)	5.0	(4.75)
Willis Corroon	InBr	Sep★	70,100	(60,900)	6.6	(13.2)
Wood (SW) Group	PP&P	Sep	750	(425)	0.75	(0.5)
York Waterworks	n/a	Sep	1,410	(1,280)	3.3	(3.05)
Youngs & Co's Brewery	B&D	Sep	2,580	(2,450)	7.25	(7.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ♦ Available revenue. § Net revenue. ★ Figures for nine months. ‡ net profit. ♥ Irish pounds and pence. ♠ Figures in American dollars.

RIGHTS ISSUES

Banner Homes is to raise £2.9m via a 2-7 rights issue with 3.61m shares at 89p.
Sedif is to raise £4.9m via a 2-1 rights issue with 49.5m shares at 11p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Huntleigh Technology is to raise £9.0m via a placing of 2.14m shares at 420p.

RESULTS DUE

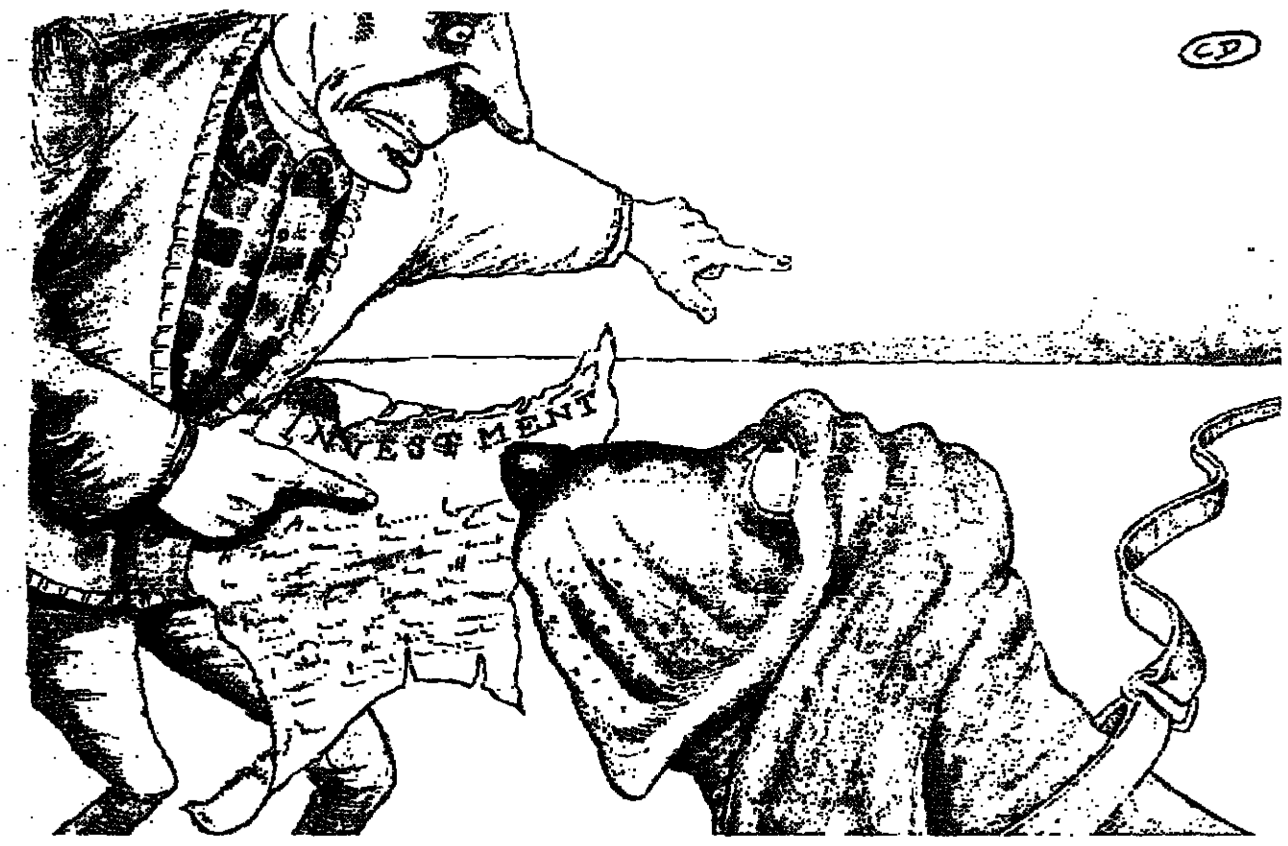
Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Anglo Irish Bank Corp.	n/a	Tuesday	-	-	-
ASEA AB	n/a	Tuesday	-	-	-
Capital Radio	Med	Tuesday	1.75	3.5	1.75
China Invest. & Develop Fund	InTr	Thursday	-	-	-
Clyde Blowers	Eng	Friday	0.83	7.07	4.0
Concentric	Eng	Wednesday	3.54	7.83	1.77
Cosalt	Misc	Tuesday	4.25	4.25	2.12
Creston	C&C	Monday	-	-	-
Diploma	Elec	Monday	2.75	7.0	3.5
Dunedin Worldwide Inv.	InTr	Wednesday	2.4	7.1	2.4
Foreign & Colonial Emer.Mkts.	n/a	Tuesday	-	0.25	-
Goodhead	Med	Wednesday	-	0.5	-
Kwik Save	FdRt	Wednesday	4.7	11.3	5.4
Leveraged Opportunity Trust	InTr	Wednesday	-	-	-
Morland & Co.	B&D	Thursday	2.42	5.98	2.78
Perpetual	Fin	Friday	1.2	3.6	1.8
Rodime	Elec	Friday	-	-	-
Quadramatic	n/a	Thursday	-	-	-
Scottish Investment Trust	InTr	Friday	1.6	3.02	1.7
Sherl	Tex	Monday	-	-	-
Strategem	n/a	Tuesday	-	4.75	1.5
Tate & Lyle	FdMf	Wednesday	4.0	8.0	4.3
Tomkinsons	Tex	Thursday	3.5	8.0	3.5
Unigroup	BdMt	Tuesday	-	-	-
Yeoman Investment Trust	InTr	Wednesday	-	-	-
INTERIM DIVIDENDS					
AAH	H&H	Thursday	5.8	11.5	-
ABI Leisure	Mot	Wednesday	1.57	2.19	-
Alba	Elec	Wednesday	1.0	3.85	-
Allied Lyons	B&D	Tuesday	6.95	14.05	-
Allen	C&C	Monday	1.65	3.35	-
Amber Industrial	InMt	Tuesday	5.5	13.0	-
Applied Holographics	Misc	Tuesday	-	-	-
Babcock International	Eng	Monday	1.0	1.0	-
Balgrchik	n/a	Monday	-	-	-
BPB Industries	BdMt	Thursday	2.7	4.8	-
British Investment Trust	InTr	Monday	1.9	2.6	-
Caledonia Investments	n/a	Wednesday	5.0	10.0	-
Cater Allen	OtFn	Thursday	7.0	20.0	-
Chloride Group	Elec	Thursday	-	-	-
City of London PR Group	Med	Wednesday	1.15	2.35	-
Cropper (James)	PP&P	Monday	0.97	2.12	-
Dart Group	BsSr	Friday	1.3	2.0	-
Drayton Blue Chip	InTr	Friday	2.9	5.49	-
EMAP	Med	Monday	2.07	5.82	-
Falcon Holdings	n/a	Tuesday	5.0	-	-
Foster (John) & Son	Text	Thursday	-	-	-
GEI International	Eng	Thursday	2.47	2.47	-
Hazlewood Foods	FdMa	Thursday	2.3	4.1	-
Hewetson	BdMa	Monday	0.5	0.75	-
Kenwood Appliances	Elec	Monday	1.5	4.35	-
Kinta Kellas	n/a	Thursday‡‡	-	-	-
Lowndes Lambert Group	n/a	Wednesday	4.5	9.0	-
Macdonald Martin Distill.	B&D	Thursday	2.2	6.6	-
Marston,Thompson & Evershed	B&D	Tuesday	1.45	3.95	-
McLeod Russell Holdings	Misc	Thursday	2.75	3.25	-
ML Holdings	Eng	Wednesday	0.85	1.9	-
Multitone Electronics	Elec	Thursday	1.5	2.0	-
National Grid Company	n/a	Thursday	-	-	-
National Grid Holding	n/a	Thursday	-	-	-
NEC Corp	n/a	Friday	-	-	-
Northern Foods	FdMf	Tuesday	3.4	6.0	-
NSM	C&C	Tuesday	-	-	-
OMI International	Otin	Friday	0.75	1.0	-
Optometrics	n/a	Wednesday	-	-	-
Osborne & Little	Misc	Wednesday	2.0	2.6	-
Policy Portfolio	n/a	Thursday	-	-	-
Platignum	Misc	Wednesday	0.25	0.25	-
Powell Duffryn	Tran	Thursday	6.6	16.0	-
Powergen	Elec	Wednesday	3.95	-	-
Readicut International	Tex	Tuesday	0.83	2.81	-
Schroder Split Fund	InTr	Monday	-	-	-
Scottish Power	Elec	Thursday	3.72	7.43	-
Second HSGC Index Inv.Tst.	n/a	Friday	-	-	-
Shanks & McEwan	Misc	Thursday	2.24	3.44	-
Shires Investment	InTr	Monday	4.2	5.9	-
South Staffs Water	n/a	Monday	16.0	32.0	-
South West Water	Wat	Thursday	7.8	15.9	-
Sterling Industries	Eng	Tuesday	1.5	4.1	-
Tex Holdings	Otin	Tuesday	-	-	-
Thorn EMI	H&L	Tuesday	9.0	23.0	-
Vistec Group	Elec	Friday	0.15	0.25	-
Vodafone Group	TelN	Tuesday	3.49	3.53	-
Wagon Industrial Holdings	Eng	Wednesday	6.32	11.17	-
Warnford Investment	Prop	Wednesday	2.75	4.75	-
Worthington Group	Tex	Monday	0.5	1.1	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ = 3rd Quarter figures.

FINANCE AND THE FAMILY

How to find forgotten investments

Are you worth a fortune? **Bethan Hutton** *on tracking lost riches*



CHAOTIC home filing is a common failing. Investors who salt away money in shares, trusts or building societies may lose vital documents at the bottom of cupboards, or keep them in cardboard boxes. Years later, the papers are rediscovered and the owners wonder whether they could be worth anything – but finding out can be difficult.

Here is a guide to tracking down some of the most commonly forgotten investments.

■ *Insurance-related investments*, for example investment bonds, and endowments. Write to the last address you have for the insurer. If the company has moved, appears to have gone bust or merged, you could try writing to the Association of British Insurers, at 51 Gresham Street, London EC2V 7HQ, which has a register of company changes, and should be able to tell you who is now responsible for the policy.

Many people have old insurance policies issued by friendly societies or similar bodies. The Register of Friendly Societies has a telephone inquiry service on 071-437-9992, or write to 15 Great Marlborough Street, London, W1V 2AX.

■ **Building society accounts.** First try writing to the last address you have for the society. Over the years, many societies have merged and may no longer exist under the same name, or have moved headquarters.

If you write to the Building Societies Association, Consumer Affairs Department, 3 Savile Row, London, W1X 1AF, with the details, they should be able to track down which society took over the old business, or give you an up-to-date address.

■ **Investment trusts.** The Association of Investment Trust Companies may help if you can find no trace of the fund in which you invested, because it has merged, changed names or been wound up. Write to the AITC at: Park House, 6th Floor, 16 Finsbury Circus, EC2M 7JJ.

■ **Unit trusts.** The Association of Unit Trusts and Investment Funds has records can help trace your unit trust investment through name changes and mergers. Write to Autif at: 65 Kingsway, London, WC2B 6TD.

■ **Company shares.** If you discover an old share certificate, check first whether the company's shares are still listed in the *FT*, then try writing to the last registered address you have on the share certificate.

The next resort is the public library. Until 1989, the Stock Exchange published an annual *Register of Defunct and Other Companies* which were no longer listed, because of merger or collapse. Since 1989, a supplement to the Stock Exchange Yearbook has updated this annually. Larger libraries should have copies.

Companies House, official repository of company information, has an archive search service for companies registered since 1844. It costs £15 per company. For details, write to Nicola Lynch, Archive Search Service, Room G16, Companies House, Cardiff, CF4 3UZ. Tel: 0222-380928.

If the company failed a long time ago, the share's only value may be as a collector's item – see the information on scripophily, under bonds.

■ **Premium bonds.** Many people have a sneaking suspicion Ernie has forgotten their holding. If you have moved home, or changed your name without letting National Savings know, there could be an unclaimed prize waiting. Inform National Savings of your changed details, either by returning your yellow holder's card or sending in a special form obtainable from the post office, and the department will run a check on outstanding winnings.

As at October this year, *more than 200,000 prizes*, adding up to £11.2m, remained unclaimed 18 months after they were drawn. Otherwise, you could consult the list of all unclaimed prizes dating back to 1957, kept in main post offices. National Savings warns that you would need "a long wet afternoon" to work your way through this bulky document. If a premium bond holder has died, winnings from a draw up to a year after the date of death can be claimed by the estate, with no time limit.

■ **Bonds issued by countries.** In the late 1980s there was a rush to check drawers and files for old bond certificates, as Russia, China, and many eastern block and Latin American countries agreed to redeem old bonds, often dating back to the 1930s or earlier, as a pre-condition for raising new money on the international bond markets. Bonds had to be submitted by fixed deadlines for the holders to receive a portion of their face value. Most countries have gone through this process and deadlines have passed. One possible exception is the former East Germany.

If you have a bond from a country which you think has not yet come to an arrangement, you could try writing to *David Wooten, at the Foreign* and Commonwealth Office, Nationality Treaty and Claims *Department*, Clive House, Petty France, London, SW1 9HD.

If your bonds stand no chance of redemption, they could still be worth something to collectors – known as scripophilists – who often buy the more decorative and exotic bonds or shares to frame and hang on their walls. There are specialist dealers and Phillips, the auction house, holds quarterly sales. Rare certificates can fetch thousands of pounds. *For advice, write to the Bond* and Share Department, Phillips, 101 New Bond Street, *London*, WIY 0AS.

■ **Pensions.** If you worked for a company for a few years, even decades ago, you might be entitled to a small pension. Or if you belonged to a personal pension scheme, and lost track of your investment, the Pension Schemes Registry, run by the Occupational Pensions Board, has a database of 170,000 occupational and personal schemes.

It offers a free tracing service if you provide as much information as possible about the employer's pension scheme's last known name and address. The database goes back to the 1970s, but can often help with entitlements dating back 40 years. The service's success rate is 90 per cent. Write to the Pension Schemes Registry at: PO Box 1NN, Newcastle-upon-Tyne, NE99 1NN.

Warning to fraudsters

FRAUDULENT insurance claims will soon run a greater risk of being detected, as UK insurance companies use computer registers to share information on insurance claims and applicants.

Insurers say that fraudulent claims have more than doubled in the past four years. Fraud now costs insurance companies and their honest policyholders £400m a year. Up to 10 per cent of claims are thought to be bogus.

The new system, called Comprehensive Loss Underwriting Exchange, or CLUE UK, is based on an American prototype. The first register will cover household buildings and contents insurance and will soon be followed by motor and travel insurance.

The registers will have access to three years' information, allowing insurers to check on a new applicant's previous claims history and to cross-check when claims are made to prevent multiple claims for the same loss under different policies.

CLUE should make it easier to detect cases such as the Gloucestershire businessman who was burgled three times, and each time claimed under two different policies, making a profit.

He was prosecuted, and sentenced to community service as well as paying compensation and costs.

Bethan Hutton

Pensions: knowing the value

Debbie Harrison considers a survey of personal pension providers

WITH more than 100 providers of personal pensions, each offering a plethora of funds, it can appear virtually impossible to judge which offers best value for money. Yet in one of the most rigorous surveys published to date on these products, out of 193 funds, just three emerged with impeccable credentials.

National Mutual, Standard Life and Sun Life proved their mettle in terms of strong, consistent performance combined with a low, flexible charging structure. Two other funds, offered by Rothschild Asset Management and Scottish Widows, were commended. The rest failed on one or more important criteria.

The survey, published by the private client department of consulting actuaries Bacon & Woodrow, is only concerned with unit linked policies – that is, policies where the unit price is directly linked to the value of the underlying investments. Managed unit-linked funds, which invest in all of the main sectors, were selected as the best measure of the overall skill of the provider's investment team.

The analysis assumed that no commission was paid by the provider, since this is how Bacon & Woodrow conducts business. Where commission would have been paid Bacon & Woodrow negotiated enhanced terms with the provider, so that more money is invested on the client's behalf.

The screening was conducted in two stages. Stage one analysed investment performance while stage two considered product features and charges. Commenting on performance, Andrew Warwick-Thompson, head of the partnership pensions section of Bacon & Woodrow's private client department and author of the report, said: "The use of past performance statistics in conjunction with a clear understanding of how past performance was achieved, an assessment of the current investment style of a management team and a knowledge of whether the individuals responsible for past performance are still in place, is probably the best guide to future performance.

"The objective of this stage of our analysis is to identify those funds which have achieved consistent good past performance with low volatility."

Out of an initial 193 funds listed in the performance statistics provided by FINSTAT, only 153 had five year track records. The survey examined "percentile" scores where the best performing fund in each quarter scored 100 points and the worst one point.

Test 1 was relatively straightforward and simply excluded those funds whose average percentile score over the period of analysis was 50 or less. Only 78 funds passed.

Personal Pensions survey

Recurring single premiums		
£5,000 per annum#		
Years to SRD*	Best company	2nd choice
0-15	Standard Life	National Mutual Life
15-40	National Mutual Life	Standard Life
Regular monthly premiums		
£100pm initially#		
Years to SRD*	Best company	2nd choice
0-5	Standard Life	National Mutual Life
5-10	National Mutual Life	Sun Life
10-40	Sun Life	National Mutual Life

*Source: Bacon & Woodrow. # increasing in line with national earnings. * selected retirement date.*

Tests 2, 3 and 4 which screened for high performance and low volatility, left just 22 funds in the running after casualties. At this stage 40 extra funds which had three or four year track records were also screened. Only Gartmore's Long Term Balanced Fund passed and this was added to the contestants for stage two.

The 16 providers with a total of 23 funds shortlisted on performance criteria for stage two were: Albany Life (Multiple Investment); Cannon Lincoln (Managed S3); Clerical Medical (Mixed, GMPP Mixed, Fidelity FRP Mixed); Commercial Union (Prime Managed); Friends Provident (UK Provident Managed); Gartmore (Long Term Balanced); London & Manchester (Balanced, Flexible); National Mutual Life (Managed); NM Life (CCM Vanguard); Norwich Union (Managed, Mixed ULP, Mixed RP); NPI (Managed); Pearl (ULP Managed S1, ULP Managed S2); Prolific (Balanced Growth); Standard Life (Managed, Stock Exchange Managed); Sun Life (Managed); and TSB (Managed).

Funds under £20m were then excluded. "Clients should invest in funds that have the prospect of a realistic degree of diversification and of remaining financially viable without substantial increases in management fees," Warwick-Thompson said.

Other criteria included the requirement that the provider must deal via independent advisers and must be prepared to offer nil commission terms. Policies that imposed penalties on early retirement or on transfer to another provider were dropped on grounds of inflexibility.

"Our concern is that clients should be able to take a transfer at any time or retire without penalty," Warwick-Thompson explained.

On these criteria the following funds were cut: Cannon Lincoln, Clerical Medical (all three funds), Friends Provident, London & Manchester (Balanced), Norwich Union (Mixed RP and Mixed ULP), NPI, Pearl (both funds) and TSB.

The remaining ten funds were scrutinised on the basis of their charging structures. The "reduction in premium" (RIP) analysis reveals on a consistent basis how much of each premium is absorbed in providers' charges and therefore not invested on behalf of the policyholder.

The only three "Category 1" providers to clear this hurdle were National Mutual Life, Standard Life and Sun Life. Each was checked for financial stability and administration facilities and was given a clean bill of health. National Mutual and Standard Life also received top marks in last year's survey. In Category 2 were Rothschild Asset Management and Scottish Widows, two of last year's top providers.

The rest of the funds will not be recommended by Bacon & Woodrow for the next 12 months. Also out of favour are with-profit funds, which face serious investment problems following over-investment in property, and fixed interest products coupled with excessive bonus payouts between the mid-1980s and 1992.

However, although the survey recommends equity based managed unit-linked funds for new contributions, existing conventional with-profits policies generally should be left undisturbed, it states.

Clearly, with top providers changing almost on a yearly basis, it is vital to retain the flexibility to take advantage of current best advice. To keep control of the timing and the level of contributions it is wise to opt for a series of one-off single premium policies. If the performance of your chosen fund begins to lag, it is essential to be able to switch to another provider without penalty.

However, Warwick-Thompson stressed that the regular premium policies recommended in the survey would not penalise on switching or early retirement because of the stringent terms arranged by his firm. This is a vital point to check with your adviser before committing yourself to a contract.

Where normal terms are arranged and your adviser receives full commission the results would be very different. For a high earner contributing £15,000 per annum to a personal pension from age 36 to retirement, Warwick-Thompson calculated that total commission payable over the term of the policy expressed in 1993 money terms would be £48,589 and the pension policy at age 60 would be worth £2,369,440.

On a fee basis the cost of the initial consultation and setting up the policy on a nil-commission basis would be about £900 plus VAT and the annual fee for administering contributions would be about £120 plus VAT in 1993 money terms.

Total fees over the term, allowing for inflation and an "opportunity cost" to offset the loss of investment return on the amount paid in fees, would be £6,724 and the pension fund at age 60 would be worth £2,626,029 – a difference of more than £256,000.

■ **Bacon and Woodrow Personal Pension Survey 1993, price £250, is available from Ali Khan, Bacon & Woodrow, Private Client Department, Ivy House, 107 St Peter's Street, St Albans, Herts. AL1 3EW. Tel: 0727-855566.*

Directors' Transactions

Three sellers at T&B

THREE MEMBERS of the board of Tibbet & Britten, including Sidney Gould, the vice chairman, sold a total of 258,000 shares at 730p.

The shares have been trading between 670p and 760p since January of this year and one of the non-executive directors sold 50,000 shares at 750p in June. Interim results were announced in September and the chairman expected a better year once the recovery in the clothing and west European motor sectors came through. Each director retains a sizeable number of shares.

At Alexanders Holdings, which holds Ford dealerships in the UK, Aleksandra Clayton, the chairwoman, bought 4,870,000 shares from T Cowie. This means that T Cowie no longer has a stake and Clayton's holding has been increased to 68 per cent.

In July we noted a large purchase at 25.5p by Paul Kelly in Gardiner Group, the surveillance system company. Since, the shares have risen to 32p but have fallen slightly and Jeff Caplan has bought 130,000 shares at 25.5p. Final results are not due until March 1994. The forecast is for growth in excess of 70 per cent.

Colin Rogers, the Inside Track.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bemrose Corporation	Pack	10,000	39	1
British Vita	Chem	25,000	61	1
Courtaulds Textiles	Text	4,000	23	1
Farnell Electronics	Elns	7,514	38	1
Glenchewton	Misc	35,000	11	1
Lilleshall(CnPref)	BdMe	7,500	11	1
London & Associated	Prop	40,000	16	1
Macro 4	Elns	26,000	177	1
Pentland Group	Misc	33,000	31	1
Provident Fin Grp	OthF	7,500	31	1
RMC Group	BdMa	2,500	20	1
Spirax - Sarco	EngG	5,000	18	1
Standard Chartered	Bank	20,000	210	1*
Tibbett & Britten	Tran	258,000	1,883	3
PURCHASES				
Albert Fisher	FdRe	30,000	18	1
Alexanders Holdings	Motr	4,870,000	974	1
Alexandra Workwear	Text	10,000	18	1
Amber Day	Stor	50,000	25	1
Drayton Far East	InTr	25,000	33	1
Elliot (B) (CCRP)	EngG	10,000	11	1
Gardiner	BuSe	130,000	33	1
Guinness	Brew	3,128	13	1
Hillsdown Holdings	FdMa	20,000	28	1
Intl Food Machinery	BuSe	70,000	20	1
Mirror Group	Med	25,000	38	1
N Atlantic Small Co	InTr	15,000	63	1
RIT Capital Partner	InTr	12,632	21	1
TR Pacific Inv Tst	InTr	7,000	12	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. R = rend. Information released by the Stock Exchange 8-12 November 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

A problem with banks

***Bethan Hutton** finds out why foreigners dislike British banks*

WHEN foreigners working in Britain swap stories of their experiences, one of the commonest gripes is not the weather, or the food, or even the beer, but British high street banks.

It seems that every expatriate has a horror story about the length of time and number of pieces of paper needed to open a bank account in the UK, or was deeply insulted by being put on a few months' "probation" before being granted a £50 cheque guarantee card, when any 18-year-old embarking on a degree is showered with offers of plastic cards and overdraft facilities.

One Belgian banker, now working in the UK, complains that opening an account in London was more time-consuming and bureaucratic than in Belgium, Germany, the US, Argentina, Switzerland and the Netherlands.

"In New York, when you open a bank account you may have to queue up for half an hour, but you walk out with a temporary cheque book and everything," he says. "Here, it takes forever and a day to get a cheque book.

"You have to give them copies of your passport, employment details, they want to have a letter from your lawyer, from your accountant, they want to see bank statements from where you have banked before ... in no other country has anyone ever asked me for all that."

Most banks say they treat all applicants the same, whatever their nationality, but the fact is that the application process is designed for long-term UK residents. The biggest stumbling block is the banks' requirement for a permanent address before an account can be opened. Few overseas nationals arrive with permanent accommodation arranged – most have to spend a period staying in a hotel or with friends – but before moving into a longer-term home, letting agencies demand deposits, advance rent and sometimes even a direct-debit mandate for the rent, all of which require banking facilities.

One European banker who moved to London earlier this year found that Barclays would not open an account for her until she had a permanent address, but she needed a bank account to avoid paying a hefty deposit on a flat in cash. The problem was solved after the intervention of her employer.

One American bank has resorted to arranging private banking facilities for non-UK employees at its London office. Employees of smaller or less international companies have a tougher time.

Carolyn Chao, a New Yorker working in music publishing, tried to open a building society current account, but was turned down after several weeks of effort, in spite of calling in her boss for help. She finally managed to open an account with Abbey National, the bank, but still does not have full current-account facilities. Abbey National says its policy is to give current accounts only to UK residents, usually with UK passports.

The British fondness for overdrafts means that an application to open a bank account is effectively treated as an application for credit, even if all the customer wants is a simple account with cash and cheque facilities.

Jeannie Zakharov, a subeditor with FT Information Services, arrived from Australia in 1990, and wanted an account in which to deposit her pay cheques and withdraw cash. She did not ask for a cheque card, overdraft facility or any other kind of credit. It took NatWest two months to open the account, and another three months to grant a cash card. For the first two months, even though she accumulated cheques worth over £2,000, she had to rely on money transferred from Australia.

Banks are increasingly using credit scoring to judge applicants. Anyone newly arrived, with a new job, is at a distinct disadvantage, particularly since they will also lack a track record of paid-back loans and well-managed credit cards in the UK.

As mitigation for the length of time spent checking new customers' credentials, banks also point to new anti-money laundering rules, which oblige them to be wary of large cash deposits or transfers. This makes life more difficult for those wanting to open an account, move money from their home bank accounts and gain immediate access to it.

Overseas nationals are possibly less attractive customers by banks' normal standards. Foreigners working in the UK may leave the country after a few years, closing their accounts. They may also be less likely to buy insurance and investment products, a greater source of profit for many banks than their core personal banking services.

BES deals sprout

*Take advice before you invest, says **Sheherazade Daneshkhu***

DEALS concerning arranged-exit business expansion scheme continue to mushroom amid a proliferation of trading company issues.

PAYE investors should note when BES 3 tax relief certificates will be sent out. If these are sent much beyond mid-February next year, there is unlikely to be enough time to get a tax coding change which may result in a lower projected return.

The following are the latest releases – but there are many good schemes still available, so it is well worth taking advice before making an investment.

Sponsors Close Brothers and Save & Prosper have launched a second issue of BESSA Oxbridge after the first issue was fully subscribed at £41m. There are two choices. The fixed exit price is 121p, equivalent to a return of 13.5 per cent for higher rate taxpayers.

Alternatively investors can opt for a fixed return of 60p plus 2.5p for every 1 per cent increase in the FT-SE 100 index, capped at a 36 per cent increase. There are lock-ins at increases of 24 per cent and 36 per cent. Both options are fully cash backed. The minimum investment is £2,000.

The Tweed Premier Return Companies is sponsored by the British Linen bank with a Bank of Scotland guarantee to pay a fixed return of 122p after five years for every £1 invested. The company will buy residential properties from the Bank of Scotland for assured tenancy lets.

The scheme is recommended by BES analysts, Allenbridge Group which are publishers of *Best BES investment*, and by BESt Investment for its low risk and good return. Since BES 3 certificates will not be available until the end of April, returns will be higher for Schedule D taxpayers than for those on PAYE, according to BESt Investment .

The Cavendish CHG Scheme sponsored by Smith & Williamson offers a cash-backed fixed return of 121p. The company will buy up residential properties from Community Hospitals plc, a quoted company, which will form part of CH's nursing home expansion. The minimum investment is £1,000. BESt Investment says the relatively high minimum subscription of £1.6m raises the risk of the scheme.

Image III sponsored by IM Group, which specialises in property and car distribution, is offering a fixed return of 123p after five years for every £1 invested, equating to 14.5 per cent for a higher-rate taxpayer. The return assumes that the investor paid 99p a share before December 10. IM Group is providing the cash backing but, according to BESt Investment, "unlike previous IMAGE issues, there is no Bank of America guarantee and there are accordingly better returns available elsewhere."

Queens College Tenancies and Capital Reversions are both sponsored by Capital Ventures. The first is to raise money for the Cambridge College. Investors are being offered 75p after five years plus 2.1p for every 1 per cent increase in the FT-SE 100 with a lock-in at 25 per cent growth in the index. Capital Reversions is a residential property investment which is already trading. The size of returns on this and other commercial property ventures depend on the degree to which the property market recovers in five years time.

The London Opportunity Fund has been buying up undervalued properties in the London area for letting as assured tenancies. It is seeking to raise up to £4.8m and costs have been contained to 3.5 per cent of the amount raised if the maximum is reached. BESt Investment describes it as "a lower cost offering with reasonable dilution."

Raptor will buy up unmodernised London properties for refurbishment and letting as assured tenancies. Best BES Investment says this is a low cost issue but in a market which offers lots of choice.

Trading ventures include Bloomsbury Films which aims to produce "commercially viable films structured to return monies to investors before cast and crew are paid their deferred fees." Bruce Sherman, the chairman, was producer of *Henry V* and the directors include Christopher Parkinson of city law firm Gouldens, which has raised BES money for *Leon the Pig Farmer* and *Staggered*.

Johnson Fry is sponsoring Criterion Productions to raise up to £750,000 to stage productions usually at the Criterion theatre in London's Piccadilly Circus. Another famous West End name, the L'Escargot restaurant in Greek street is launching a BES comprising two companies, one of which aims to raise money to expand the existing restaurant and to open a second L'Escargot in Kensington or Chelsea, while the other company seeks to acquire flats to rent to restaurant employees.

Best BES Advice (071-409-1111); BESt Investment (071-936- 2037).

Offshore bond funds

OFFSHORE bond funds pay income gross which is an attraction for non-taxpayers. The table lists those sterling offshore bond funds recognised by the Securities and Investments Board – the chief regulator for the financial services industry in the UK – and which have a three-year performance record.

Figures have been taken from Hardwick Stafford Wright and show the top 10 performing SIB-recognised funds in the sterling fixed-interest sector.

They are quoted on an offer-to-offer basis because some funds have a single price but add an initial charge. If all funds were quoted on an offer-to-bid price, the single-priced funds would receive an unfair advantage.

Investors seeking income should not base their choice entirely on the size of the yield, since a bond fund can achieve a high yield at the expense of capital. Some offshore funds, such as that of Barclays, charge their annual management fee to capital rather than income in order to maintain the relatively high yield.

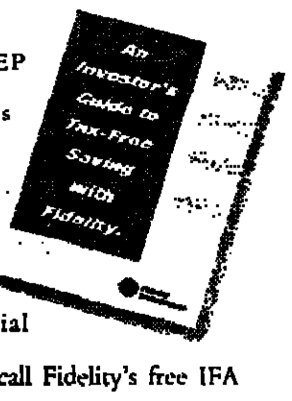
The standard practice onshore is to charge the fee against income otherwise the investor will suffer an erosion of his capital growth. However, last month Foster & Braithwaite found a loophole in the regulations which allowed them to launch an onshore unit trust which deducts the charge from capital rather than income. The SIB is seeking to close the loophole.

The Association of Unit Trusts says that investors should be given a choice. Those who prefer high yields to capital growth benefit from charges made against capital. The association has called for full disclosure of the way in which the charge is deducted.

Highest performing 10 offshore bond funds

Fund	Size (£m)	Yield (%)	Perf*
Barclays Sterling Bond	313.1	8.4	68.7
Hill Samuel Fixed Intl	34.1	7.0	66.7
Guinness Fl Acc £ Hi	3.0	7.1	64.6
TSB Off Inv Gilt & Fl	2.0	5.3	64.0
CMI (Lux) UK Bond	15.6	6.8	63.8
Sun Life Secure High I	9.4	7.1	63.3
Govett GSI UK High Inc	14.0	8.4	62.9
Lloyds Trust Gilt	491.2	6.9	61.9
Guinness Fl Gilt & £ Bd	32.0	7.3	60.9
Henderson Horizon £ Bd	10.0	7.2	60.9

*Source: Hardwick Stafford Wright *Offer-to-offer with income reinvested over three years to November 1. Funds without 3 year record are excluded.*



FINANCE AND THE FAMILY

Try your luck with Ernie

*With interest rates at low levels, the prize potential of Premium bonds make them an increasingly attractive investment, writes **Richard Willsher***

WITH inflation running at less than 2 per cent and building society savings rates as low as we have seen them for some time, this could be the moment to resume your acquaintance with Ernie – the electronic random number indicator equipment used by National Savings.

Premium bond winnings are free of UK income tax and you do not lose your capital. You can cash in your holding at any time. Each month, Ernie selects more than 180,000 prizes, ranging from £50 to £250,000.

Bonds can be bought at the post office or direct from National Savings at Lytham St Annes, Lancashire. They are available in blocks of 10 numbers of £1 each and there is a minimum cash investment of £100 unless you are re-investing £50 prizes. But you have to wait three months after purchase before your bonds go into the draws.

The maximum holding was increased to £20,000 earlier this year and spouses may each hold the maximum. Bonds may also be bought for children, up to the same amount, subject to the £3,000 annual inheritance tax limit for each parent. Parents do not pay tax on prizes won by children.

The value of bonds eligible for the draw now totals about £2.5bn. A prize fund, which may be varied from time to time, is calculated at 5 per cent on this figure and allocated according to a formula set out in the National Savings prospectus.

Every month there is one prize of £250,000, five of £10,000 and 25 of £5,000. Weekly draws are for one prize each of £100,000, £50,000 and £25,000.

The remainder of the prize fund is split between prizes of £1,000, £500, £100 and £50. Most prizes - more than 160,000 – are worth just £50.

What, then, are the chances of winning a prize? National Savings calculates that the probability of each single £1 bond winning a prize in each monthly draw are 15,000 to 1. At these odds, it reckons the chances of not winning any prize, if you own the maximum holding for a year, are 8,900,000 to 1.

A person with "average luck" holding the maximum of £20,000 is likely to win 16 prizes a year. If each prize were the minimum £50, the tax-free return on capital would be 4 per cent a year – within spitting distance of the net return on an instant access building society account.

One larger prize puts you firmly in the money. One north London investor quotes his return so far this year on a holding of £10,000 as 7.5 per cent, with two months still to run. And then there is the delicious prospect of a big win.

At this point, I hear murmurs. Is it fair? Is it not rigged in favour of investors in the south? Do not people who hold blocks of £500 or £1,000 stand a better chance than those with small numbers?

National Savings goes to great lengths to make sure that all bond numbers stand an equal chance of winning. People from the south do win more often, but that is because they own more bonds.

People usually assume that the bond numbers are inputted and a computerised tombola does the rest. In fact, Ernie is provided with the configuration of letters and figures which it must use, and then assembles its own patterns entirely at random. These are matched separately against bond numbers in the draw to find the lucky ones. Tests are made by the Government Actuary before and after each draw to ensure that the random nature of the process is operating correctly.

Premium bonds are worth thinking about if you are going to have cash to spare for a reasonable period of time – say, a year or so. Those paying tax, and especially people on fixed pensions, surely resent paying tax on interest from building society or bank deposit accounts. While interest rates and inflation remain at a low level, it costs little to take a punt; after all, at worst, all you stand to lose is the net interest you would have earned on your deposit and the inflation effect.

For many, the thrill of a letter in the post from Ernie is part of the lure of the investment. Some sort of prize could arrive on your doormat at just about any time. But, if you get tired of waiting, you need the cash or your faith in Ernie runs out, you can always ask for your money back.

A sophisticated endowment

EGEPT is the acronym for the latest investment trust to specialise in with profits endowment policies. The trust will be run by Exeter Asset Management, best known for split capital investment trusts.

The trust has a complex structure. As well as ordinary shares, the trust will issue a zero coupon debenture. This will pay no interest in the conventional sense, but will be repaid at a much higher level than its issue price.

The plus point is that the roll-up in the zero's value is tax-deductible. To take advantage of this, EGEPT (which stands for Exeter Geared Endowment Policy Trust) will invest in the income shares of split capital trusts, as well as in endowment policies. The trust can offset the tax it pays on the income shares against the zero roll-up. Thus, it will be able to receive gross dividends from the income shares.

Furthermore, the trust will use the revenue from the income shares to fund the payments on the endowment policies it buys. EGEPT will have a 15 year life and will concentrate on policies maturing around 2008. Full details will be available next week.

Meanwhile, reader Roger Honey has written with a timely reminder of the dangers faced by individuals when they invest in second-hand endowment policies. In November 1991, he bought a Scottish Amicable policy for £16,493 from market-maker Policy Portfolio. At the time, Policy Portfolio gave an illustrated maturity value in May 1993 of £21,568. The illustration was prefaced with the warning "Future bonuses cannot be guaranteed as past performance is not necessarily a guide to the future."

As it happened, Scottish Amicable cut its terminal bonus rate from 53 to 20 per cent. The final payout from the policy was just £16,565.23. After Honey allowed for the additional premiums he had paid, he had suffered a loss on the deal. He complained, and although Policy Portfolio said the information it gave was of "meticulously correct", the FIMBRA consumer arbitration scheme awarded Honey £2,377.

Finally, market-makers are pushing to eliminate the use of the term "second-hand" to describe these investments. The Association of Policy Market Makers wants the phrase "traded endowment policies" used instead.

Philip Coggan

Capital losses on BES

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

MANY investors will have learned that their ventures into Business Expansion Schemes devoted to building homes for rent are turning out badly, especially true for schemes initiated around 1988-90. In a typical case an investor will have put in £10,000, received £4,000 in tax relief and now has an investment worth £6,500. His apparent net gain of £500 is derisory, but does he have a capital loss of £3,500 to offset gains elsewhere?

■ No, because section 150(2) of the Taxation of Chargeable Gains Act 1992 says: "A gain or loss which accrues to an individual on the disposal of any shares issued after 18th March 1986 in respect of which (BES) relief has been given to him and not withdrawn shall not be a chargeable gain or allowable loss for the purposes of CGT."

Ask your tax office for the free pamphlets IR51 (Business expansion scheme) and IR85 (Business expansion scheme: Private rented housing).

Tax deductions and rental income

I notice the booklet from the Inland Revenue "Filling in your tax return, Form 11P (1993)" states: "interest paid is not an allowable deduction from foreign rental income."

When was this change was introduced and on which date it became effective?

■ This has always been the law - a fact which was confirmed in 1982 in Ockendon (Inspector of Taxes) v Mackley (56TC2).

Exemptions and inheritance tax

I believe the £55,000 exemption rule for inheritance tax applies only to non-domiciled spouse(s) of less than "17 out of 20" years residence in the UK and that once this milestone is passed the normal UK exemption of (currently) £150,000 applies irrespective of domicile. Is this correct?

■ The limited £55,000 exemption applies to transfers to non-domiciled spouses. Domicile, in the case of Inheritance Tax, is determined according to the Common Law, subject however, to the provisions of the Inheritance Tax Act in so far as they alter the Common Law.

You are correct in saying that non-UK domiciled individuals who are resident in the UK for "17 out of 20 years" are regarded as UK domiciled for Inheritance Tax. Therefore, the above restriction does not apply to non-UK domiciled spouses with the requisite period of residence.

■ *This reply was provided by Barry Stillerman of accountants Stoy Hayward.*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Teachers' BS	Bullion Share	0800 378669	Instant	£500	6.40%	½Yly
Buckinghamshire BS	Chiltern Gold	0494 873084	Postal	£2,500	6.55%	½Yly
Birmingham Midshires BS	First Class	0902 645700	Postal	£10,000	6.80%	Yly
Bristol & West BS	Balmoral	0800 100117	Postal	£50,000	7.10%	Yly
NOTICE A/cs and BONDS						
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£500	6.50%	Yly
				£10,000	7.35%	Yly
Scarborough BS	Scarb'gh Ninety 3	0723 368155	90 Day	£25,000	7.65%	Yly
West Bromwich BS	180 Day	021 525 7070	180 Day	£50,000	8.10%	Yly
MONTHLY INTEREST						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.60%	Mly
Allied Trust Bank	4 Month Notice	071 626 0879	4 Month	£2,001	6.85%	Mly
Woolwich BS	Investment Bond	0800 400900	90 Day	£25,000	7.25%	Mly
West Bromwich BS	180 Day	021 525 7070	180 Day	£50,000	7.81%	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
Progressive BS		0232 244926	5 Year	£1	7.75%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.60%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.69%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investmt	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Alico FN		081 680 7153	1 Year	£50,000	4.45%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	4.75%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	5.23%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	5.65%	Yly
Liberty Life FN		081 440 8210	5 Year	£5,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% + Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over. I = 6.74 per cent on balances of £20,000 and over.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

to proceed.
In the Ukraine, unable and

Electricité de France, told the

The lure of the drug trade

*A year ago Dr Jan Steiner became her own boss. She tells **Clive Fewins** the joys of being a one-woman company*

FROM HER early days as a medical student in Sydney Jan Steiner was hooked on drugs. The obsession was not a *clinical* condition but professional. Steiner decided early on that she wanted to work in research rather than follow her father into general practice.

After Steiner qualified in 1969 she took the *academic* route, working as a clinical pharmacologist in London, Kansas City and Oxford.

"I never thought I would end up running my own business in the medical field," said Dr Steiner. "But I suppose *from* the time in 1981 when I was offered a job at the G D Searle laboratories in High Wycombe I *began to hatch* the idea of doing my own thing one day."

In 1985, when she was made redundant when Searle closed the labs and working in senior management jobs with two other large pharmaceutical companies, Dr Steiner is indeed her own boss.

Twelve months ago, at 46, she started Oxford Therapeu*tics Consulting Ltd*. It is a one-woman show, and that is the way she intends to keep it.

"If I am successful I do not necessarily see the expansion route as employing other people," Dr Steiner said. "I have a number of collabor*ators whose* expertise I can call upon. Their specialities lie in areas of expertise different from my own, from scientific, to patenting, to venture capital and regulatory matters."

"Where I am based at The Oxford Science park on the outskirts of the city there is an excellent back-up service that includes typing, photocopying and telephone answering, so really I plan to stay on my own. I am my own managing director – managing to direct me."

At times the direction wiggles a bit, but the essential path is clear. *Steiner's* company is a consultancy that helps start-up companies in the biotechnology and biopharmaceutical fields to establish themselves. It does this by helping them to assess the market fully and thoroughly, before investing what might be several million pounds in research at the cutting edge of medical science.

Steiner knows of only a handful of start-up companies of this sort in the UK but approaching 400 in the US, so her interests cross the Atlantic. On a recent trip to the US she visited 15 companies in nine days, and came back with potential orders worth $15,000. However, this work was geared *less to assessing* markets *than* smoothing the passage across the Atlantic of the products of the US companies, most of which are larger and a few years older than their British start-up counterparts. Not very patriotic one might think. But Steiner, who still carries an Australian passport, points out that in such an embryo field of applied medical science there is room in the market for everyone.

"From a trip to the States like my recent one I am able to show my British clients how the American companies have managed to grow and to market their products," Steiner said. "By studying closely what is happening over there I am in a good position to help British companies to fly the flag and to avoid costly mistakes. In this business the stakes are so high and the costs so astronomical that there is no leeway if you make a mess of it. It is incredibly important to get it right first time."

The problem of successful biochemical start-up has to be cracked in the universities, Steiner thinks. "A lot of the work going on in British universities is so clever that *it* is a desperate shame not to develop and commercialise it," she said.

"Yet so often *all* the odds seem to be stacked against the academics who are trying to develop their discoveries. If you are an academic in America and you have a classy discovery you set up a company *to develop it. It's as simple as* that. All the back-up and assistance you need is usually in place.

"But here in Britain it's very different. For a variety of reasons people here are not so motivated to grow rich. But also here academics are *not so* well-served by their universities. Far too often they just publish their findings and leave it at that. Alternatively they might licence their findings to a major producer – all too often an American company. Far too much intellectual property still goes out of the country."

But political and *economic* pressures, have helped create a new alertness in some of Britain's biggest universities, says to Steiner.

"They are also realising that as a lot of these discoveries and inventions are funded by Joe Public in the first place, the public purse can rightly expect to see some return on its capital," she said.

Many British universities now have technology transfer offices and are carrying out technology audits, scanning through scientific advances to assess which might be worth large-scale commercial development. Steiner is working with some of these departments in the biochemical field.

She is also helping to steer some of them along the tricky path to seedcorn capital or wealthy "business angels" who are happy to invest in a field which is forbiddingly hard to understand and frighteningly long-term in the eyes of the *average investor.*

After 12 months of hard work Steiner is *seeing* little so far in the way of profits. "I put £30,000 of my own money into OTC, and my business plan indicates that I will need to spend £20,000 *including* start-up costs, to run the business for the first year," she said. "As far as I can tell those figures are about right, and make ample allowance for my visit to the States, which cost £2,500.

"As I expect to turn over £20,000 in the first year I therefore expect to break even.

"*I am quite prepared to put* more of my savings into the business in the second year should it prove necessary. But the indications are that, even paying my collaborators for the expertise I buy in, I should be sowing a profit by this time next year.

"I am optimistic. And even on my less optimistic days I am *enjoying working for* myself so much that optimism pushes me along.

"On top of that at the end of it all I am hopefully doing something that can do people a bit of good and advance people's quality of life."

■ *Oxford Therapeutics Consulting, Magdalen Centre, The Oxford Science Park, Oxford OX4 4GA. 0865-784874.*

Where business and science meet: Dr Jan Steiner advises budding research companies

The day Heseltine stormed out

■ Continued from Page I

labouring under what he regarded as a genuine grievance at a time when I thought he had merely become obsessed with his own proposals and arguments."

Certainly other, younger cabinet ministers were struck by Whitelaw's passivity. Kenneth Baker as environment secretary was the most junior member of the cabinet at the time. For him January 9 was going *to be an important day* anyway. He was due to present his green paper on "Paying for Local Government" (*ie* the poll tax), which was perhaps why other ministers were prepared to give the meeting a miss: *Fowler in particular suggests* that he might not have returned from Washington for the original cabinet agenda.

When the agenda was changed and the January 9 meeting went awry, Baker *notes in The Turbulent Years: My Life in Politics*: "I was amazed that not one of the experienced older ministers such as Willie Whitelaw, Quinton Hogg or Geoffrey Howe, who had heard these *exchanges, said or did* anything to avert Michael's walkout."

Either Baker or Hogg has made some mistake for, as we have seen, Hogg (otherwise known as Lord Hailsham) has said he was in Delhi not Downing Street. Lord Whitelaw has stated the reasons for his own reticence. Whether Howe could have intervened effectively, given the deteriorating relations with the prime minister, is questionable, though we must await his account.

Yet Baker offers some corroborative evidence on what happened. *He writes that while* the first 30 minutes of the discussion had gone reasonably well, "new life was breathed into the whole issue by Nick Ridley intervening about the ministerial statements that Michael had made off his own bat". This, Baker suggests, is what led to the climax. Baker's account here is backed by Ridley *several times over.*

The prime minister had said that Heseltine should make no further statements on his own account without clearance by the cabinet secretary, Sir Robert Armstrong.

In *My Style of Government*, Ridley wrote of Heseltine's resistance to the new ruling: "This was too much for me. I immediately *challenged him on* the lines that if we who held one view were to conform, surely he who held the opposite view should conform too? Michael Jopling (then the agriculture minister) came in behind me, and *then I pressed* him a third time. Twice he refused to agree. At the third time of asking, he closed his cabinet folder and said, 'I cannot accept this decision. I must therefore leave this cabinet.' He stormed out, *and* announced his resignation to some startled journalists *waiting* in Downing Street."

The problem with the Ridley version of events, however, is that it omits most of the undercurrents. Ridley may have lit the fuse, but the few who were close to events had a pretty good idea that drama was under way.

The fullest accounts of the Westland affair by cabinet ministers are those by Lady Thatcher in *The Downing Street Years* and by Lord Lawson, who was chancellor of the exchequer, at the time, in *The View From No 11*. They are quite different from the rest in that they go into the background and help to explain the scene that burst on an astonished cabinet.

As both Lawson and Lady Thatcher make clear, there had been several meetings between senior ministers about Westland since mid-June 1985. Norman Tebbit, who was then secretary of state for trade and *industry*, had been instructed to encourage the Bank of England to bring together the company's main creditors with the aim of finding new management: hence the emergence of Sir John Cuckney.

The trouble was that all sorts of other issues became intertwined. Lady Thatcher calls this section of her memoirs "Keeps Raining All The Time". The Tory Party was going through one of its periodic bouts of unpopularity. First there was the cabinet reshuffle in September. Norman Tebbit moved (willingly) from the DTI to the party chairmanship; Leon Brittan moved (rather less willingly) from Home Secretary to be Tebbit's replacement. *Most of* the memoirs agree that being taken out of the Home Office – traditionally one of the great offices of state – gave Brittan a sense of insecurity.

Then there was the prime minister's rising impatience with the ministry of defence, especially over its failure to deliver the Nimord early warning system at the *right time* and the right price.

Not least there was Michael Heseltine. Cecil Parkinson writes in his autobiography *Right at the Centre* that "Michael detested Mrs Thatcher." For her part, she was none too sure about Michael, although she pays him a generous enough tribute in her memoirs: "Michael is one of the most talented people in politics ... Michael and I are similar in *some ways*, very different in others." She adds that Heseltine's personality alone – "not mine or any other member of the government's – provided a kind of explanation for what arose".

It was when Heseltine insisted on seeking a European solution in spite of the installation of new management at Westland that the warning *signals* should have gone out loud and clear. They went to very *few people.*

Lawson, who as chancellor was naturally opposed to spending government money, records the meeting of the economic affairs committee of the cabinet on December 9, at which Cuckney was present for part of the time. According to Lawson, the committee was offended by the prime minister *bringing in outsiders*. "Margaret was visibly shaken by the degree of support, which included Norman Tebbit, for Michael's plea to be given a chance. While the balance of argument was clearly against *Michael, sentiment was with* him."

The prime minister subsequently played with the idea of sacking Heseltine, but decided it would be impolitic to do so.

To cap it all, just before the January 9 meeting there was a huge row between the chancellor and the prime minister over exchange rate policy. Again very few members of the cabinet knew about it. On January 8, Lawson agreed with Robin Leigh-Pemberton, the governor of the Bank of England, that interest rates should be raised from 11½ to 12½ per cent "forthwith". The prime minister eventually acceded to their virtual ultimatum that rates should go up but, in Lawson's words, only after "prolonged resistance" and with "conspicuously bad grace".

This was hardly the best atmosphere on the eve of a cabinet meeting which practically *all* the participants were to agree was the most remarkable they had ever attended.

Lady Thatcher has a different view.

She writes magisterially in *The Downing Street Years*: "I have learnt that other colleagues at the meeting (on January 9) were stunned about what had happened. I was not. *Michael had made his decision* and that was that. I already knew whom I wanted to succeed him at defence: George Younger." *(It remains unclear* whether Younger had been advised in advance).

On the question of whether Heseltine went to the meeting having decided in advance to resign, Lady Thatcher does not know. *The only memoir which* claims that he did is Ridley's, and even that is with hindsight. "At the time," Ridley wrote, "I came to the conclusion that he was obsessed by his desire for the European *solution ... I think in retrospect* he was determined on taking a course of action that would lead to a spectacular resignation, and that this was the best issue he was able to find ... He thought that the *next election* might well be a disaster and he wanted ... to distance himself from a sinking ship."

Lady Thatcher, incidentally, does not support the Ridley claim that it was he who made *the decisive intervention*. According to her version, most of the crucial talking was done by Heseltine and herself. "I emphasised the importance of observing collective responsibility ... At this Michael *Heseltine erupted ... He could* not accept the decision recorded in my summing up. He must therefore leave the cabinet. He gathered his papers together and left a cabinet united against him."

Then, she writes, she called a short break and walked through to the private office. "Nigel Wicks, my principal private secretary, brought George Younger out; I offered him, and he accepted, the defence post. I asked *my office* to telephone Malcolm Rifkind to offer him George's former post of Scottish Secretary, which he too subsequently accepted. We contacted the Queen to ask her approval of these appointments. Then I returned to cabinet, continued the business and by the end of the meeting I was able to announce George Younger's appointment. Within the cabinet at least all had been settled."

No-one else records events going as smoothly as that. Lord Young, who like some of his colleagues may have been nodding off, "suddenly noticed that Michael had closed his papers". Young reports Heseltine's parting words as "Prime Minister, if this is how it is to be, I can no longer *serve* in your cabinet." He adds that *after an embarrassed silence* the cabinet carried on with the next item on the agenda. The coffee break was called a few minutes later after a private secretary had passed a note to the prime minister.

'When Michael slammed his brief shut and walked out a lot of people just thought that he'd been a bit rude and then gone out to the loo. But the photographers were all waiting, so he must have tipped them off'

Young gave a more colourful account to Alan Clark, then his junior minister, by lunch-time. "David recounted to me the *scene," say the Clark Diaries* for January 9. "Michael appears to have done it semi-spastically, *not* the *grand geste*. When he slammed his brief shut and walked out a lot of people just thought that he'd been a bit rude and then gone out to the loo. But the photographers were all waiting in Downing Street, so he must *have tipped them off* in advance."

Lord Lawson has it that the prime minister had set out to "*humiliate" Michael in the full* knowledge that this would almost certainly lead to his resignation. At the January 9 meeting, Heseltine "spoke quietly, and not at all aggressively, and sought to find some *compromise arrangement*. But Margaret was adamant. She could see that Michael was now isolated in cabinet ... She pressed home her advantage; whereupon Michael slammed his cabinet folder shut, saying '*If this is the way this govern*ment is going to be conducted, I no longer wish to be part of it', picked the folder up and strode out of the room."

Lawson adds that in the "stunned silence that followed" *the prime minister announced* a short break for coffee. This, according to Lawson, was to enable her to brief Bernard Ingham, her press secretary.

Kenneth Baker has Heseltine closing his red ministerial *folder "with dignity" and his* parting words as: "There has been a breakdown of collective responsibility and I must therefore leave the cabinet." At the coffee break, he writes, Willie Whitelaw, John Wakeham (the *chief whip*) and George Younger stayed behind in the cabinet room. I had the distinct feeling that the defence secretary's vacancy had not caught them unawares."

In the Norman Fowler *account, Heseltine "quietly* closed his folder, said he could not continue as a cabinet member, and walked to the door ... Cabinet continued in a rather shell-shocked way for another 90 minutes. The only unusual *feature was that we were given* an unprecedented coffee break after Geoffrey Howe had finished his report on international affairs ... Michael's resignation had taken everyone, including the press, by sur*prise. He had left Downing* Street with only a solitary photographer there to record the moment."

One account by someone not present at the cabinet meeting, but who was certainly close by, *comes from Bernhard Ingham* in his book *Kill the Messenger*. When Heseltine walked out of cabinet on Thursday 9 January 1986, he records, "I had to dispatch every press officer into Whitehall to try to establish what he had said from reporters telephoning their copy from kiosks ... His resignation took us by surprise."

Ingham adds that he had a telephone call from his brother from his farm in the upland Pennines saying: "All you silly bloody lot down there have gone daft."

And There is a footnote from somebody who was certainly present, but will not write *about it. The now Lord Arm*strong told me the following weekend that the prime minister tried to make light of the matter by saying after the walkout: "Now let's talk about something simple, like the common agricultural policy." But even the cabinet secretary thought that it was the most extraordinary meeting he had ever attended.

GARDENING

Bothered by badgers? Here's a hint

***Robin Lane Fox** welcomes a new book of green-fingered tips from top people*

KEEN GARDENERS are nature's insider dealers: they are extremely keen on tips and will act on private information so long as it is not in the public handbooks. Whenever I have given a lecture on gardening, the audience has been most intrigued by the advice which questioners give one another without any help from me. They know how to turn squirrels into a stew; they know why liquid fertiliser is improved by adding soapy detergent; they usually kill their dandelions by filling them up with salt.

I often wonder where these great reservoirs of information have been stored up and how they circulate. We now have the ultimate book for insider gardening: *Superhints*, compiled by Lady Wardington and published by Michael Joseph at £8.99. It is the sequel to her best-selling book on Superhints for Householders and as before, all royalties will go to charity. Superhints for Gardeners (from the great and green-fingered) deserves a wide public, although I admit to having contributed a re-cycled tip myself.

Some of the Superhints will satisfy your curiosity. You can discover how Princess Michael of Kent copes with annoying wasps, or what Michael Heseltine really thinks about the possibilities of a recovery from near-death. I will treasure some of the practical wisdom. It ranges from a buyer who will pay for the clippings from yew hedges and use them in cancer research to a remedy from the experienced Paul Miles which is said to "deal with" honey fungus. He tells us to apply one pint of creosote, stirred (but not shaken) in two gallons of water. This mixture should be sprayed on to the ground, not the leaves of affected plants: that will stop the fungus although it will also brown the grass for a while. Paul Miles ought to know and his chief advice answers one of the most frequent queries in the FT postbag.

It is amazing what famous people will work out for themselves. Prue Leith takes time off from cooking to cut the legs of old tights into strips with which she ties up her roses: they are "much gentler than wire and cheaper than rose ties." I am not sure that I agree with the BBC presenter who tells us that "large lemonade bottles full of water" will discourage visiting cats if put in their favourite places. But I do agree with the contributor who tells us to "hoe when you do not need to hoe, and then you never need to hoe." The most efficient weeding is carried out on apparently bare soil.

Why are tips so irresistible? Sometimes we feel smug because we all know them anyway: Rabbi Lionel Blue feels that he has to tell us to grow basil because it is good in sauce for spaghetti.

Sometimes, superhints are seductive because they are wonderfully cheap. I can see the logic in making plant-supports out of old metal coat-hangers twisted into squares and hooked on to a cane. Sometimes, one superhinter trumps another. One tells us to spend winter evenings on the job of making tubes out of newspaper in order to sow the seeds of sweet peas inside them and allow the roots to spread without damage. Another has an easier tip: use up the lavatory roll and then take out the central core and sow the seeds inside it. You can then transplant the seedlings into the garden without damaging the tap-roots. Seeds for the loo roll include parsley. It should be sown on Good Friday, according to one tipper, and the seed should be mixed into a cup of hot water, according to a head gardener, in order to soften it.

'You can discover how Princess Michael of Kent copes with annoying wasps'

Above all, it is fun to find how much is still unknown to dictionaries and authors from the Royal Horticultural Society. When I try to grow eremurus, the tall Foxtail Lily, I often find that the centre of the plant rots away in wet weather. Gardening books have no suggestion, but Lady Salisbury tells us to put an old tile under the crown of the plant and to spread the roots outwards on either side to stop the damp settling under the centre. She has also planted more yew hedging than most of us do in a lifetime; she rightly tells us to ignore contrary advice and never to cut the top of a yew hedge until it has reached the height which we want. It is quite untrue that that this treatment will cause it to go bad at the bottom.

You see the range of hints on offer. How sweet it is, said Lucretius, the Latin poet, to watch the troubles of others on the high seas from the safety of the shore: it is sweeter, in our caring society, to read experts' long rigmaroles about the treatment of toadstools in lawns when the answer is simply to dose them with Epsom Salts.

It is even sweeter to discover how other people deal with uninvited animals. Forget those Green platitudes about "nature's fellow-citizens": keen gardeners see off moles by putting mothballs or musical birthday cards down the mole-run: (they are said to be deterred by the repeated tune of "Happy Birthday"). My brother, I discover, puts holly-leaves round pea-seeds to deter mice which try to dig them up. I never knew that he was so prickly and now wonder what he puts down against a brother who sometimes tries to dig up bits of his better plants after a tour of his large garden.

The ultimate tip? It comes from Annabel Allhusen, a garden designer. I have had a lady badger in my garden all year, but if she becomes troublesome, I now discover that I should invite as many men as possible to a dinner party, fill them up with wine and turn them out into the garden so that they will "mark territory" around boundaries where badgers enter. Some of you might prefer a superhint to deal with male guests who relieve themselves on your lawn in the twilight. Not so Miss Allhusen: "After heavy rain, you have a lovely excuse for another party."

Me and my Allotment

Rod to break a grower's back

*In the first of an occasional series, **Teresa McLean** tames an urban jungle against the bureaucratic odds*

IN APRIL 1991 the town council gave us an allotment. It had taken me years to resign myself to the fact that we only have a tiny back garden, facing north, at once rampant and barren, a non-event for vegetables.

When the sun shone, I longed to treat everyone to my mother's summer classic for supper, adelight of my childhood: peas, beans and bacon. Only home-grown peas and beans could make the real thing.

Overcoming my subconscious feeling that allotments should belong to those who live in the north of England, or beside railway lines, I wrote to the council and asked for one.

They placed us on a waiting list. Then, in spring 1991, the council's amenities and recreation department sent us some documents of a splendidly historical flavour, granting us the yearly tenancy of a plot "five rods big or thereabouts", at a rent of £1 per rod per year.

I have always had a soft spot for rods. They were next to poles and perches on the back page of my arithmetic text book at school, waiting to be learnt. Or identified. (1 rod = 16 sq ft.)

These days it is five rods of land waiting to be cultivated, an old, rich measurement of old, clay soil choked with weeds. We paid our rent and set to work, with the help of the council's site map, swallowing at the third of a mile or so between us and our plot.

Most of the other allotment holders on this patch are from the council houses overlooking it. On hot days all they have to do is go home for a drink. We drink before we go. It was after our second summer of persecuting slugs and tearing out bindweed, the scourge of cultivation, that I went to the allotment one evening to pick some spinach and found a note flapping on a stick.

It was from the amenities and recreation department, ominously renamed leisure services. A man called Mr Fish, technical officer of leisure services, was going to reclaim our plot, 17A, because we were cultivating land that belonged to some-one else.

I sent Mr Fish copies of the documents assigning 17A to us. He rang and said he was sorry; he had got the wrong plot. Early this summer, to make a change, Mr Fish said he was going to reclaim 17A because we had *not* been cultivating it. We have only recently found out about the National Society of Allotment and Leisure Gardeners, which offers its members everything from cheap seeds to help in disputes with local authorities.

At that stage we were on our own, unsupported and up against it, and we decided the soil must fight its own battles. I took a carrier bag full of peas, runner and broad beans, carrots, lettuces and immense radishes to the council's leisure offices, to show those within how hard we had been cultivating. I could not bring myself to cut and bring the globe artichokes, pride of our plot, before they were ready. They were meant for a higher fate.

In all the endless entrails of the allotment civil service, even in the ranks of "inspectors" out in the field, reporting back to base on the state of the plots, I am pretty sure no-one had recognised our globe artichokes for the noble vegetables they are.

To the ignorant inspector, they might look like unusual bushes, covering their delicious globes with their great leaves. As Mr Fish was out when I stormed into leisure offices, hell-bent and muddy, I spread out our humbler vegetables in front of a minion, who looked nervous. I made him write down their names and numbers, then took them home. Mr Fish soon wrote to say that we could keep our plot, provided it is always weed-free. Fair enough. Although productive, ours did have a few weeds, which we removed.

Apparently, the council fears that it may have to sell some allotment sites to make money and perfect plots are the best argument against that. No more intrepid weapon grows within them than the potato.

The ones we planted to break up the ground have done their stuff with a vengeance and, in so doing, have given us a super-abundance of spuds. Instead of turning up at dinner parties with unwanted bottles of wine, we turn up with bags of unwanted potatoes. 17B, the other end of strip no 17, belongs to a friendly man with a pony-tail. His strenuous exertions to turn his wilderness into a vegetable patch have unearthed a few antique potatoes, presumably left from his predecessor's efforts.

We urged him to leave those and take ours instead, before one of the inspectors mistakes our chopped-off potato stalks for weeds. So far he does not seem to have done so. Privacy is a basic principle of allotments and I have never seen anyone spilling over from their own plot – least of all the one next door, which is sacrosanct.

Mr 17B happily receives our potatoes but does not like to help himself. He takes naturally to allotment life. I do not. I cannot resist picking up fallen fruit and vegetables round about us, rather than leaving them to rot. A sure sign of an alien.

Also, Mr 17B's opening act, when given his plot, was to build a compost holder above ground level so that air can pass through it, changing dead plant life into steaming muck for the future. All we have is a rusty cupboard containing a few bits of mesh and bamboo poles. At least it is not our fault; it was there when we arrived.

On the 18 side of us there is a shaggy man and on the 16 side a womens' commune, both with the intermittent approach to gardening, keeping it close to nature and free of constructions. Inspectors evidently keep their distance. The lady at no 15 is of a different order. She has the whole strip, all 10 rods, and every last bit of it is full of cabbages. A panoply of cabbage colour from purple, through blue-grey and dark green to young, bright green. Six hours a day, she told us, she spends on it in the summer. Her plot furnishings are well-kept, stocked and used. She makes her own sprays to keep aphids and lip-licking slugs at bay. I lean on my spade and watch her at work sometimes, thinking to myself that I will have become an allotment holder proper, not just a hit-and-run agent, when she does not offer me one of her cabbages. Then I will not be able to accept it.

Skiing/**Patrick Harverson**

A little Big Mountain

IT IS not easy to find the town of Whitefish on a map of the US – it is up near the top left-hand corner, tucked between the borders of Montana, Idaho and the Canadian province of Alberta.

Modern travel being what it is, however, you can fly from New York to Whitefish in just a few hours, via Salt Lake City to Kalispell airport. A few miles away is Whitefish, a small place (population: 4,500), with no big hotels, a few shops and a handful of bars. The nightlife is limited, but pursued with enthusiasm, particularly at the "World Famous Kick-Ass" Palace Bar, home to local heavy metal bands and midnight mouse racing.

Although you might not notice it at first, Whitefish is also a ski town – which is why I was there. About 20 minutes' drive from downtown Whitefish is the ski resort of Big Mountain. Like Whitefish, Big Mountain is a determinedly unglamorous place. A cluster of small, functional buildings sits at the base of uncrowded pistes. Below, an unobtrusive collection of houses and lodges is hidden within the treeline. There is not a Marriott or a Ritz-Carlton in sight and the car park is packed with pick-ups and beaten-up saloons.

Again, like the town and the resort centre, the mountain itself does not look much at first – but first appearances can deceive. Big Mountain boasts a 2,400ft vertical drop, 56 trails and six main chairlifts – an average-sized resort by North American standards. Yet, off the marked trails it has hundreds of acres of skiing among fir trees (many bent into bizarre shapes by the weight of the frost, creating the region's trademark "snow ghosts"), along gullies, through glades, down chutes, and into the basins of small bowls.

The front face of the mountain offers a variety of comfortable green and blue runs and the occasional challenging black. Each day I started with an intermediate trail called Inspiration, a fast descent down the mountain that takes in views of Whitefish lake and the agricultural lands of the Flathead valley. Later in the week, those views were obscured by clouds which lap at the feet of the mountains like waves in a thick cotton sea. Clouds are common on Big Mountain, but then so is snow.

Although there was no powder the week I was there, the north face of the mountain, where the slopes escape the freeze-thaw cycle, offered a fresh supply of light powdery snow that keeps its condition throughout each day. Here, steeply pitched mogul runs, like the intimidating Bighorn, challenge both technique and courage.

What Big Mountain may lack in size, it more than makes up for in extras, such as Snowcat skiing – for $35 (£23.40) a snow tractor will take you into the back country in search of powder – and night skiing. The latter is especially thrilling. On my first day, I skied late into the afternoon, then continued under the floodlights in the cooling night air. I finished, just as the mountain was closing, by skipping off the main run to end the evening alone on shadowy slopes lit only by a three-quarter moon.

Each day, or night, always ends at Big Mountain's favourite slopeside haunt – the Hell Roaring Saloon. The Hell Roaring is an après-ski bar from the days before they called them après-ski bars. Crowded with skiers, locals and mountain workers, it is wood-panelled, comfortable, and noisy.

The Hell Roaring is also home to the most unusual special offer in mountain retailing. Buy a Hell Roaring Saloon cap for $15 and you are entitled to one free draught beer every day for the rest of your life. Cap on head, pint in hand, I quickly worked out that at two bucks a beer, I needed to stay at least seven days to make a profit on the deal. If ever there was an incentive to stay in Montana, skiing and drinking beer, this was it.

Searching for Swiss powder

"LEAN OUT, lean out! Don't do anything I didn't tell you to do," came the guide's angry call.

I was just beginning to sidestep gingerly across the top of a steep couloir lined with jagged rocks. The guide's instructions were to lean outwards so the edges of the skis would dig better into the hard crust. But the consequences of leaning out too far made me prefer to lean in.

The danger was over in a few seconds, but it was one of three or four moments during a week of powder skiing in the Swiss Alps that still make my palms perspire.

John Hogg, a Canadian guide who has operated in Switzerland for the past 12 years, prides himself on being able to find untracked powder snow in the Alps for his clients, regardless of the conditions.

And, last winter, when I joined his group for six days in the Klosters-Davos region, there had not been any significant new snow for more than a month.

The result was that he had to lead us into increasingly inaccessible places, such as the couloir mentioned above. Once we had cleared that we came upon a long, broad pitch of untouched deep snow, only a couple of hundred metres from the top of Davos's always crowded Weissfluh.

On other days, we would put skins on our skis and trek for an hour or more from the top of a lift to get to faces – almost always on the north sides of mountains – where there was a chance that the snow would still be skiable.

It was, without doubt, the most strenuous holiday I have ever taken, and not just because of the climbing at high altitudes. With the lack of snow and the warm weather, our skiing always ended up in nasty conditions at the bottom – breakable crust, slush and then just rocks and mud, forcing us into long walks.

But in addition to the occasional moments of fright and the frequent fatigue, there were wonderful moments. I remember sitting down for a packed lunch in a mountain surrounded valley on a cloudless day, only a mile or so from Klosters but alone.

There was satisfaction even in the simple achievement of the steady rhythm maintained by trekking up a slope on skins, or in making a couple of relatively competent parallel turns in heavy, deep snow.

Is this sort of holiday for you? It is certainly not for everyone. Two in our group of eight decided on a couple of mornings that they would rather rest, and Hogg says dropouts are not uncommon.

The main prerequisite, surprisingly enough, is not a high level of skiing skill, although familiarity with the technique of sidestepping across steep couloirs helps. One of our number, a Swiss, was a modest snow-plougher. Nor does age matter. The best performer in our group was 60.

The real key is fitness. In his English language brochure, John warns potential clients that they should be able to run five miles in 45 minutes three times a week. "I do not have to put it in the German language brochure. The Swiss and the Germans understand," he says.

As for the level of danger, John has an impeccable record as a guide. He is a stickler for safety, forcing everyone to wear an avalanche beeper, carry a shovel and, since last season, wear the new ABS inflatable air bag that is intended to prevent the user from being buried in an avalanche.

"I accept that there are risks, but I try to cut them to a minimum," he says. "When I come across a difficult place, I always ask myself what is the worst that can happen."

John's view is that this type of skiing is ideally suited to the Alps. The lift network there is dense enough that you never have to trek too far, and there is always a pleasant inn at the end of the run and a taxi, bus or train to take you back to base.

The less strenuous alternative of heli-skiing has become too expensive and, in an increasing number of areas, has been prohibited.

But the strain of it all, especially with the paucity of snow in the past few seasons, has taken its toll even on him. He and a Swiss guide are planning to move to British Columbia next year to set up a heli-skiing business.

Ian Rodger

to proceed.
In the Ukraine, unable and Electricité de France, told the

PROPERTY: THE DEEP SOUTH

BUY A HOUSE in Atlanta, USA, and you can let it in 1996 when the Olympic Games come to town. Splendid houses are for sale in the city, those in the northern suburbs grand enough to excuse any chairman for moving his home and his corporate headquarters to the thriving capital and air hub of the south-eastern US.

Georgia began in 1733 when General Oglethorpe landed at Savannah, a place where debtors were sent. The youngest and largest of the 13 states of the original union, it was reluctant to secede from the Crown and in the civil war looked for an alliance with Britain – an outlook mirrored in the dominance of British styles in its grand houses.

In 1837 a town called Terminus was founded, becoming Marthasville in 1843 and Atlanta in 1845. Its position in the foothills at the south end of the Appalachians made it the rail hub of the south east. General Sherman destroyed this city in 1866 on his horrendous march "from Atlanta to the sea".

When he stopped shelling, less than a tenth of the houses were intact. The march to Savannah left a swathe of destruction 50 to 60 miles wide. His attempt to annihilate the economy affected life in Georgia for years, and southern memories for ever. But a pharmacist's cordial that became Coca-Cola set Atlanta on the road to recovery.

By the 1920s, the money it brought the city was being spent on stately homes, mostly English-style, in the area north of the city centre where the battle of Peachtree Creek took place in the civil war. Today what is good for Coke is still good for Atlanta.

Three clever architects led the mansion building between the wars, so successfully that there are bus tours round these suburban palaces. Philip Shutze (rhyming with gutsy), Neel Reid and Lewis Crook produced intelligent, sharply detailed Tudor, Queen Anne or Georgian – and some French or Italian-style – buildings with allusions to grand houses in Europe. They had a good eye for siting. North Atlanta houses are in small wooded valleys with creeks at the bottom, set well back from the road for privacy and security. The large gardens are ablaze with azaleas and dogwood in the spring and in autumn the "man-made" woodland merges into the old natural forest so well that you do not notice where one ends and the other begins.

It is suburbia, but at its best. Large, free-standing houses so close to each other surprise Europeans who would expect each to be in its own park, but their elegance and the beauty of the woods soon captivate. The property market in Atlanta has been through a similar cycle to that in the UK. Prices are well down from their 1987-88 peaks, realtor (estate agent) Harry Norman said, as he has had to explain to vendors who would like their houses priced at levels of five years ago. Unsurprisingly, some asking prices have been cut. Where Atlanta differs from the UK is that, with the greater mobility of the US workforce, there are plenty of good houses on the market.

You would never know you were in the middle of a great city: this house in Valley Road, Atlanta, surrounded by woods, is priced at $6.75m

Jacuzzis at their best

Gerald Cadogan finds grand houses for grand men in Atlanta

Many have super-expensive kitchens with free-standing "island" counters and, attached to the master bedroom, jacuzzis – I have never seen so many before – mirrored dressing rooms and large clothes cupboards that are complete rooms. Nowadays, an agent remarked, the money that in the past went on the reception rooms is spent on these private rooms.

The chairman moving his corporate headquarters might like to buy an early 1920s Neel Reid house, 2 Vernon Road on offer from Harry Norman at $2.495m. It has splendid public rooms, a porch modelled on Gunston Hall, in Virginia, a stepped garden leading to a creek, and swimming pool next to the house.

To spend more, he could look at 65 Valley Road, a Tudor house in immaculate condition on a very large lot (9.5 acres), with its swimming pool so deep in the woods that you would never know you were in the middle of a great city. Built for the third president of Coca-Cola, it is now the home of Edward and Suzanne Elson, who must sell as President Bill Clinton has nominated him ambassador to Denmark.

With a great hall, wood panelling, and painted vaulted ceilings, and surrounded by azaleas, boxwood, dogwood and rhododendrons, the asking price is $6.75m from Jenny Pruitt. Property tax in 1992 was $21,042. It is hard to see how the ambassador's residence in Copenhagen can match it.

Cheaper, and with the comforting feel of not having been revamped – house and fittings are 1930s – is 231 Peachtree Battle, for $1.25m from Jenny Pruitt. Its pool is also next to the house. The garden is a treat, planned as a series of rooms like Hidcote, in Gloucestershire, England, (which of course an American, Lawrence Johnston, made) and with interesting plants and a superb water garden around the creek at the bottom.

In 3645 Nancy Creek Road the white wood floored kitchen with reinforced steel joists supporting the roof is like an exhibition pavilion. The pool below is the other highlight. Also this house is a good example of extruded mortar between the bricks, giving a rusticated texture that was news to me, but is customary in Georgia. The price is $1.9m, and the agent Jenny Pruitt. At the most expensive house 3640 Tuxedo Road ($9.5m from Harry Norman) the old water garden, now overgrown, awaits resurrection. This was once the house of Robert Woodruff, chairman of Coca Cola, sumptuous then and made more sumptuous by the present owners.

■ Five grand houses for five chairmen or chief executive officers. If they buy next weekend, over the Thanksgiving holiday, they will be in time to enjoy the Superbowl in Atlanta in January.

■ Realtors in Atlanta (area code 404)Harry Norman (250-7505); Jenny Pruitt (250-9900).

Georgia on my mind

Gerald Cadogan on the delights of small-town America

LUCKILY, Sherman did not destroy all Georgia on his march. Washington, Madison and Newnan are attractive small towns that survived, where some antebellum (pre-civil war) houses have also escaped 20th century development.

Madison is small-town America at its best. A prosperous staging post on the old route from Charleston to New Orleans, it was the centre of plantations for 60 miles around. Long, hooting goods trains still carry Georgia pines through town, and the drugstore has kept its soda fountain. Main Street looks smart, perhaps helped by the Georgia Main Street Project (a civic trust type of scheme). There is a lively cultural centre and a Japanese plant makes compact discs.

But the Japanese live out of town by themselves. It is their loss as Madison has splendid houses. For example, 411 Academy Street, built in 1848, is a classic late Georgian house, with the customary twin parlours (for men or women), and high ceilings for summer heat. It does not have central air conditioning, but an old-style attic fan cools the house in minutes. Its two-acre lot is itching for a serious gardener. The price from Baldwin Realty is $498,500. Property tax is far cheaper than in Atlanta an hour away.

Two blocks away, 498 South Main Street is a treasure house of expensive Victorian architecture, "the most elegant country home in middle Georgia", according to The Madisonian in 1883, with joinery rich in contrasting woods – black walnut and maple floors, walnut sliding doors, and walnut and ash mouldings. Italian craftsmen stencilled the ceilings.

The house, lovingly restored, comes with 10 acres for $2.25m, from Jenny Pruitt. The Victorian Society should charter an aircraft at once to visit, continuing to Newnan (25 minutes from Atlanta airport) where Fisher Realty offers another Victorian extravaganza. 155 Greenville Street of 1886 is painted in colour combinations we know on the Victorian bridges over the Thames. The price is $795,000.

A classic antebellum Greek Revival house with a columned balcony and porch is 52 College Street, with 12 ft high ceilings downstairs and 10 ft upstairs. Although it became apartments during the Depression, it is now in excellent condition. Pressure-washing twice a year, to remove mildew and dirt from the white outside paint, has meant no painting for seven years. Harry Norman asks $475,000.

Macon, south of Atlanta, is a small city once more important than Atlanta. A Victorian house re-done (superbly) in 1911 by Neel Reid as a Parisian villa is 397 College Street. In the College Hill historic district, it costs $525,000 from Sheridan Solomon Kernaghan. The agent also offers an imposing Greek Revival house (1837) with its columned porch rising from a stepped podium. 1231 Jefferson Terrace costs $385,000. A Victorian gem, this time unusually in brick with stone banding, is 1144 Georgia Avenue, for $10,000 more from Murphey Taylor & Ellis.

The quail-shooting season is starting on the plantations at Thomasville in south Georgia. Some owners buy quail to release them, but it is generally rough sport. "I don't like contrived shooting", said plantation-owner Russell Chubb, of realtor Chubb Associates.

The town found fame when rich northerners came for the winter (before the railways were extended into Florida), as the air was good for their health, and soon were building their own grand plantation houses. Mrs Parker Poe, known as Miss Pansy, lived at Pebble Hill (now a museum) until recently with an estate staff of 75 to 100 in an ordered style that only royalty emulates. Devoted to pursuit of the fox and any other outdoor activity, even alligator hunting, she stuffed the house with fox and horse icons. The best is a picture of Eclipse by Sartorius.

It is hard to buy a plantation at Thomasville as the families keep them as sporting estates and for their timber business. But Melrose is for sale with – sadly or fortunately – only 30 acres as the family retained the land and built themselves new houses. There is no lack of outbuildings, however. The brick stable block would grace the blue grass country in Kentucky.

Showboat, the estate theatre, where reputedly *Gone with the Wind* was shown for the first time, is included in the sale. Looking like a showboat tied to the river bank, it was built of swamp cypress wood in 1928. On Friday nights the gentry came for movies, on Saturdays, the staff. Chubb is selling Melrose for $1.5m. The outbuildings could easily be let.

In town Chubb offers 920 Blackshear Street, a 1923 winter residence enlarged in 1977. In tip-top condition, it has the best swimming pool and pool house/guest house that I saw in Georgia – and garaging for six cars. Good for entertaining or as a retreat, it costs $970,000.

At the other end of Georgia across the border into North Carolina is Highlands in the Blue Ridge Mountains, a hill station with pines, rocks and tin roofs where people came from Atlanta, New Orleans and Charleston in the summer. Now it has a year-round population and a famous golf course at the country club. By a lake next to the 18th hole is Brigadoon (Harry Norman, $2.85m).

■ Further information: Baldwin Realty, Madison (706-342-3207); Chubb Associates, Thomasville (912-226-7916); Fisher Realty, Newnan (404-253-3340); Murphey Taylor & Ellis, Macon (912-743-2675); Harry Norman, Atlanta (404-250-7505); Jenny Pruitt, Atlanta (404-250-9900); Sheridan Solomon Kernaghan, Macon (912-745-3991).

An open book: Jim Courier, whose confidence has ebbed away, during a break in his defeat by Andrei Medvedev

Tennis/**John Barrett**

A millionaire's dented ego

CHRISTMAS comes a little early in the world of professional tennis. This week the eight men competing in the IBM/ATP Tour Championship in Frankfurt will divide between them $2.75m. In three weeks' time five of the men from Frankfurt will be joined by another 11 in Munich to contest the $6m Compaq Grand Slam Cup, with its record first prize of $1.5m. I think Santa Claus can safely afford to strike 19 names from his list of calls this year.

The ridiculous thing is that the players themselves will not be thinking about the money. They do not need to; the wolf has long ago given up calling at their addresses.

What does matter to these battle-scarred competitors is self-fulfilment. In a highly charged individual sport where egos are dented with each defeat, success is everything. Yet, inevitably there will be losses. Coping with this mental pressure is one of the most difficult lessons a professional sportsman has to learn. The people who have exploited this simple but fundamental fact are the sports psychologists.

Ever since Timothy Gallwey's *Inner Tennis* appeared in 1975 the gurus have proliferated. All they have done is to dress up in new clothing the techniques used over the years by successful coaches like Australia's Harry Hopman and Maureen Connolly's adviser "Teach" Tennant. These people, and others who have followed like Nick Bollettieri and Bob Brett, have been great motivators.

There has been interesting evidence in Frankfurt this week of the negative and positive aspects of this process. Take Pete Sampras and Jim Courier, for instance. Boyhood pals when they had attended the Bollettieri Academy in Florida, Jim and Pete won their first important title together in Rome in 1989. I remember Pete's excitement in the locker room afterwards when he was struggling with the local telephone system while trying to relay the good news to his parents that he and Jim had just become the Italian Open doubles champions. There was little thought then that the friends would become such rivals.

In February last year Jim rose to the top of the world rankings, a position from which he was displaced by Pete last April. Inevitably their relationship was under strain. "We're not as close as when I first turned pro (1988). We don't really talk but we're still good friends," Sampras had said at the time.

Then Courier lost his French title to Sergi Bruguera in a final he should have won. His ego was clearly dented. It was a mark of the skill of his coaches, Jose Higueras and Brad Stine, that Courier was able to bounce back from that disappointment to reach the Wimbledon final against Sampras. No-one had expected him to go as far. But, well as he played (and if he had taken the fourth set against a tiring opponent I believe he might have won), Jim still lost once more to his rival. Another dent for the ego.

At the US Open top seeded Courier, who had briefly regained the No 1 ranking, crashed to the Frenchman, Cedric Pioline in the fourth round. The ego buckled further. Sampras inflicted more damage by winning the tournament to re-establish himself atop the computer list.

Before Frankfurt began Sampras had made certain of ending the year as the No 1, a fact that must have contributed to some very odd behaviour from Courier this week. Once he had lost his opening match to Michael Chang – a 6-4 6-0 drubbing that suggested a fatalistic approach to the week's events – Courier must have known he would not reach the final as he had done last year. Yet afterwards he had bravely claimed "I can still win it. Remember I lost one of my round-robin matches last year."

Behind the scenes Higueras was working overtime. By Wednesday he had persuaded Jim that he was going to beat Andrei Medvedev and then tame Michael Stich yesterday to reach this afternoon's semi-finals. The first part of the plan almost worked. In spite of seeming more interested in reading a novel at the changes of ends instead of thinking about his tactics, Jim actually served for the match against the Ukrainian and held four match points before losing 6-3 1-6 7-6.

His comments afterwards revealed an attempt to protect the ego from further damage by pulling the blinkers firmly over his mind's eye. "My concentration has never been better. I have never been more focused. " he claimed. "But why were you reading *Maybe The Moon,*" he was asked. "It's an interesting book. I just felt like reading it." he said.

It cannot be easy for the official World Champion to accept that he is no longer the best player in the world. Ivan Lendl has found it difficult to admit that his career among the top players is over. The same realisation has been painful for Boris Becker. The brilliant winner here last year, Boris failed to earn a place this time. Like another former No 1, Stefan Edberg, whose form also seems to be slipping, he must now face other priorities – marriage and parenthood.

Sampras understood. "It's been a pretty frustrating year for Jim. When you come so close to winning two Grand Slams . . . and I can relate to that after losing to Edberg in '91 [in the US Open final] . . . it can be frustrating. He's just burnt out, he needs some time off, get his batteries charged up for Australia. He'll be fine. I mean he's got a good head on his shoulders" he said.

This from a man who admitted that his loss to Courier at the 1991 US Open had: "got the monkey off my back" following a year of mental anguish in the wake of becoming the youngest ever US champion in 1990. Yes, the mature 22-year-old, battle-hardened in the cauldron of competition and well advised by his coach of two years, Tim Gullikson, knew *exactly* how his friend felt.

Rugby Union/**Tom Fort**

A lament for the muddy bath

THE LAST man I saw playing rugby union in an old-fashioned scrumcap was my eldest brother, who has a very large head. He looked more than usually ridiculous in it, with his hair standing out in wild tufts between the straps and pads. But there was another, more serious, handicap. The contraption blotted out all sound, including the referee's whistle.

He wore it for a single game. On two of three occasions he rampaged downfield, ball in hand, glory beckoning. Each time the unaccustomed exhilaration of having outstripped the defence eventually gave way to suspicion at the absence of pursuit. He stopped and turned, to find us all scoffing at a distance; then trudged back to take his place at the scrum which the referee had summoned.

A version of the old-style scrumcap does still have its adherents, particularly in rugby league. Gary Schofield has worn one in the test matches against New Zealand, a helmet which recalls John Wayne as Genghis Khan, galloping across the wastes of Mongolia.

But in the union game it has been chucked on to the scrapheap, to join knee-length shorts, banana-shaped boots, and those fat, rain-heavy balls which, on raw November afternoons, descended from grey skies like mortar shells. Elasticated strapping has become the vogue method of protecting ears. This comes either wide and thick, making the wearer look as if he had suffered a shrapnel wound; or thin and mean, as sported by Brian Moore (who is mean, but not thin).

The decline and fall of the scrumcap has been mirrored by that of the other icon of rugby, the cauliflower ear. Once, this was the indispensable trademark mark of those warriors of the front and second rows. The shapeless mess of pulverised gristle and cartilage on the side of the head was a badge of honour, a silent legacy of hard times, – murky misdeeds, sacrifices gladly made.

Actually, of course, this is sentimental nonsense. No one in his right mind would wish to go through life with ears resembling lumps of uncooked sausage meat. It would be absurd to object to the use of elasticated strapping if it prevents such disfigurement; nor, even, to the spectacle – recently seen on television – of Wade Dooley having his cauliflower ear feasted on by a leech in an effort to get rid of the swelling.

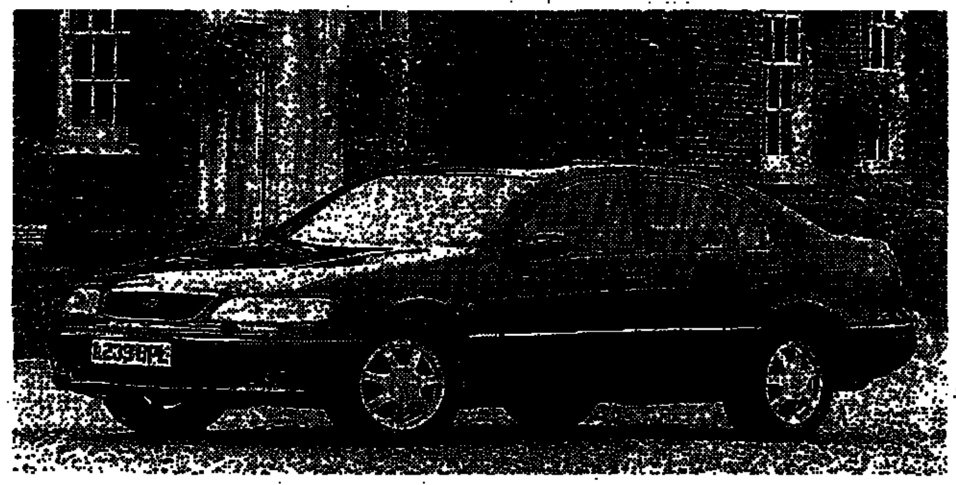
Nor, if I am honest, can I become emotional about that time-honoured accessory, the jockstrap. For years the powers that be have been urging the abandonment of this article of dress, on the grounds that it is a seedbed for the infections and revolting herpes known as scrum-pox. The Rugby Football Union want it replaced by swimming trunks; and it would be mere fogeyishness to argue otherwise.

But the communal bath is another matter. It lies at heart of the culture of rugby union. True, the spectacle of a score and more of hairy, fleshy, battle-scarred bodies floundering in a huge tub of muddy water can be something of an affront to those of a sensitive disposition, particularly if the air is booming with the vile obscenity of the usual rugby chorus.

On the other hand, a shower cannot provide the balm to raw abrasions, stretched muscles and twisted joints that comes with total immersion. The authorities frown, muttering about disease and uncleanliness. But are there not infections lurking in the cracks between the tiles beneath the showers? To be indelicate, have they not heard of verrucas and allied horrors? So, let the taps gush and the steam rise and the bodies intermingle. Leave the harmless institution of the post-match plunge alone.

Test drive

The big cat that got away



The Toyota Lexus GS300 puts one of Japan's poshest and most prestigious marques in reach of more buyers.

Stuart Marshall tries out the futuristic Lexus and is impressed

THE LEXUS GS300 is the kind of car Jaguar must produce one day. It is sporty yet urbane, dignified but not stuffy. The soft leather and wood veneered interior is good taste personified. Something like it could, in fact, have been a Jaguar. At Geneva motor show in March 1990, the Italian stylist Giorgietto Giugiaro exhibited a concept car called Kensington. This curvy four-door saloon had a Jaguar V12's mechanicals. Jaguar looked it over carefully but reckoned it was not quite the kind of thing their customers should have.

Toyota – Lexus is its up-market brand – also studied Kensington and was rather more impressed, deciding to make it the basis of its classy Aristo three-litre luxury saloon. Essentially the same car has just reached Britain as the Lexus GS300.

It looks quite a bit smaller than the original Lexus LS400, the sepulchrally silent V8 that has seduced some Britons – and a great many Americans – out of their BMW 7-Series and Mercedes S-Class saloons.

But appearances deceive. The Lexus GS300 is only a couple of inches shorter than an LS400, bigger than a Mercedes E-Class or BMW 5-Series and almost identical in size to a Jaguar XJ-6.

Its three-litre, 209 horsepower straight six is the same engine that powers the new Toyota Supra but without the twin turbochargers.

Like the high-class European cars it has been aimed at, GS300 has rear-wheel drive and standard automatic transmission.

Unlike most of them, it comes with absolutely everything a business motorist could wish for. The £31,950 price includes air conditioning, power adjusted and heated front seats, cruise control, leather trim, driver and passenger airbags, autochange CD player and a powered tilt-and-telescope steering wheel. Ignition key out, the wheel raises itself and move forward to make getting in and out easier. Put the key in and the wheel resumes its pre-set position.

It goes beautifully. The suspension is just a little firmer than that of the Lexus LS400 and you are more aware of the kind of surface the 55-series Bridgestone tyres are rolling on. At British motorway speeds wind noise is negligible. You hear the engine only when accelerating hard enough for the transmission to hold second to over 50 mph (80 kph) and third to well over 70 mph (112 kph).

I see the G300 more as an alternative to a BMW 530 than a Mercedes-Benz E-Class or a Jaguar XJ-6. It is a difficult point to put into words but it lacks the gravitas that appeals to Mercedes and Jaguar (and for that matter, Bentley) buyers. For younger people this is, of course, a plus.

For the size of car, rear-seat space is adequate rather than generous; the boot is wide and deep enough to swallow easily two golf bags in their trolleys; and the GS300 has the best headlights I have ever driven behind.

Why the FT knows its school tables

***John Authers** compares the FT's league list with the government's survey – and finds some interesting differences*

IF YOU are a parent, you are probably suffering from statistical overload.

Barely a fortnight after the *FT-1,000* survey, which identified the top performing schools at A-level, the Department of Education this week weighed in with an even more ambitious exercise – figures for every secondary school in the country on GCSE, A-level, and vocational qualification pass rates, along with a much criticised truancy league table.

Which survey is better?

The short answer is that the Government's survey is better at identifying "problem schools". Our survey is better at giving an accurate guide to the A level performance of the top 1,000 schools. The response to our survey this year was excellent, but, unlike the Government's, it cannot claim to be comprehensive. The Government figures show that a small number of schools which declined to take part in our survey could have made it into our top 1,000 list.

The main difference between the two surveys is that at A level, our data is more detailed and the scoring system subtler. Our score gives equal weight to the *quality* and *quantity* of A level achievements for a group of pupils, whereas the Government focusses more narrowly on the *quantity* of A level results achieved this year.

For this reason a league table based only on the government figures would produce some absurd results. For example, Winchester College, Manchester Grammar, and St Paul's Girls', come only 45th, 46th and 47th respectively on the government's score, but much higher on ours. This is because at the best schools, some pupils take one or more A levels a year early, and many of them do not bother with General Studies at A level, a subject excluded from our survey. However Government figures shed some interesting light on top schools.

What evidence is there, for example, that GCSE performance is replicated at A-level? No fewer than 46 schools with sixth forms managed to shepherd all their 15-year-olds to five or more passes at a grade equivalent to the old-fashioned O-level. Of these, the total variation in A-level points (where an A equals 10 and an E equals 2) was from 37.4 by King Edward's Birmingham, to 13.5 by the Atherley School in Southampton. The GCSE table ranks the 25 top-performing GCSE schools according to their A level scores.

While the *FT* showed 23 state schools in the top 200 (up from three in 1992), the government showed 48 in the top 200.

The government split all A-level candidates into those taking two or more and those taking fewer than two. This will allow easier comparison with tertiary and further education colleges. As many of these colleges concentrate on vocational education, with students possibly only attempting one A-level, comparison might otherwise be unfair. However, the division is unhelpful when comparing schools devoted to academic qualifications.

A less important point is that the government included general studies in its calculations, while the *FT* omitted it in the light of widespread questioning of the qualification by academics and university admissions tutors. However, its inclusion by the government allowed King Edward's and King Edward VI High in Birmingham to shine with average A-level point scores of 37.4 and 33.4 – both suggesting an average achievement better than three grade As. Both schools excelled in the *FT* survey, but the government appears to overstate their superiority.

Two other comments provoked by the *FT's* survey are important. One is that some schools are claimed to try to improve their scores by rejecting 16-year-olds who will not do well. This is not likely to be popular with parents in the private sector and state schools would find it difficult to reject aspiring sixth formers with adequate qualifications.

Even so, it is interesting that Cherwell, the nation's third best comprehensive at A level according to *FT* data, serving a plum academic catchment area in north Oxford, recorded a distinctly mediocre performance at GCSE. Only 58 per cent of its 15-year-olds passed five GCSEs at grades from A to C. Some 193 comprehensive schools across the country managed to do better.

Parents whose children might have difficulty getting as far as A level will therefore want to look at more than just A level figures. Cherwell's figures suggest that schools which get the most out of children above the age of 16 may not be so adept at nursing them through GCSE.

Allegations of deliberate "pruning" of pupils by schools at 16 have led the Conference for Independent Further Education, which includes mainly "crammer" schools specialising in A-levels, to ensure that all their A-level results are audited by external consultants.

There is also the question of size. The bigger a school, the harder it will be to maintain a strong average across all pupils, unless it is highly selective. However, parents of gifted children may prefer schools with a large sixth form because of the likelihood that it will include a sizeable nucleus of other similarly able pupils.

Therefore, it seems fair to say that schools with particularly large numbers of A-level candidates deserve more credit than their bare statistical averages suggest. Some very large schools, including Eton, Manchester Grammar, and Haberdashers' Askes's, featured at the top of the table. Others which might have been overlooked somewhat unfairly include Dulwich (69th, with 186 entrants), Sevenoaks (89th with 215), Wellington (96th, with 178), Marlborough (144th with 202) and Millfield (186th with 234 candidates).

Finally, the *FT's* method of calculation was more complex than the government's. Each school's rank and position were produced by using the UCAS points per pupil (PPP), measuring the quantity of grades obtained, and the average number of UCAS points per subject entry (PPE), which measured the quality of grades.

A school in which every pupil scored exactly three A grades would have an average PPP of 30 and a PPE of 10. To give each figure approximately equal weight, the PPE was multiplied by three before being added to the PPP. Our final figures provided an index from which the rank positions were awarded. We scaled this score for convenience so that the average for all the schools in our sample was 1.0. A school with a score of 1.2, was thus 20 per cent better than average.

School's in: those with particularly large numbers of A-level candidates deserve more credit than bare statistical averages suggest

GOVERNMENT A-LEVEL TABLE

	Average point score	
1 King Edward's School, Birmingham	37.4	N/A
2 King Edward VI High School for Girls, Birmingham	33.4	N/A
3 King's School, Chester	30.5	6.8
4 Merchant Taylors' Boys' School, Liverpool	30.0	3.5
5 Chelmsford High School for Girls	30.0	2.0
6 Wolverhampton Grammar School	29.9	N/A
7 Queen's School, Chester	29.5	N/A
8 Hampton School, Middlesex	29.4	N/A
9 Eton College, Windsor	29.1	6.8
10 King Edward VI Grammar School, Chelmsford	29.1	5.0
11 Loughborough High School	28.8	N/A
12 Bablake School, Coventry	28.7	N/A
13 Loughborough Grammar School	28.6	10.0
14 St Paul's School, London	28.6	7.8
15 Bolton School Girls' Division	28.5	N/A
16 Westminster School, London	28.4	8.1
17 North London Collegiate	28.3	3.7
18 Newcastle-under-Lyme	28.3	N/A
19 King Edward VI Camp Hill School (Boys), Birmingham	28.2	5.3
20 Withington Girls' School, Fallowfield	28.2	4.5
21 Colchester County High School for Girls	28.2	2.9
22 Queen Elizabeth Grammar School, Wakefield	28.2	2.7
23 Leeds Grammar School	28.0	6.0
24 Witton Park High School, Blackburn	28.0	6.0
25 North Border Comprehensive School, Doncaster	28.0	N/A

First figure gives average points score for pupils taking two A-levels or more. Second gives points score for those taking fewer than two.

FT-1000 A-LEVEL TABLE

Rank	School	Town/County
1	St Paul's	Barnes, Greater London
2	Winchester College	Winchester, Hampshire
3	North London Collegiate	Edgware, Greater London
4	Westminster	London
5	King Edward's	Birmingham
6	Eton College	Windsor, Berkshire
7	St Paul's Girls'	Hammersmith, London
8	Manchester Grammar	Manchester
9	Withington Girls	Manchester
10	King's College	Wimbledon, London
11	Bradford Grammar	Bradford, West Yorkshire
12	Haberdashers' Aske's	Borehamwood, Hertfordshire
13	King Edward VI High	Birmingham
14	Guildford High	Guildford, Surrey
15	Haberdashers' Aske's	Elstree, Hertfordshire
16	Wycombe Abbey	High Wycombe, Buckinghamshire
17	Nottingham High	Nottingham
18	South Hampstead High	Hampstead, London
19	St Albans High Girls	St Albans, Hertfordshire
20	Godolphin & Latymer	Hammersmith, London
21	Tonbridge	Tonbridge, Kent
22	Perse School, The	Cambridge
23	Portsmouth High	Southsea, Hampshire
24	City of London	London
25	Royal Grammar	Guildford, Surrey

GOVERNMENT GCSE/A-LEVEL TABLE

Rank	School	County
1	King Edward's	Birmingham
2	Chelmsford High for Girls	Chelmsford, Essex
3	Loughborough High	Loughborough, Leics
4	Bablake	Bablake
5	King Edward VI Camp Hill Boys	Kings Heath
6	Colchester County High for Girls	Colchester, Essex
7	Nottingham High for Girls	Nottingham
8	St Peter's	Clifton, York
9	Downe House	Newbury, Berkshire
10	King Edward VI Grammar	Stratford-upon-Avon
11	Stockport Grammar	Stockport, Cheshire
12	Manchester Grammar	Manchester
13	Ermysted's Grammar	Skipton
14	Alice Ottley, The	Upper Tything, Worcs
15	Twycross House	Nr Atherstone, Leics
16	Merchant Taylors for Girls	Crosby, Liverpool
17	Manchester High for Girls	Manchester
18	South Hampstead High	London
19	Bradford Girls' Grammar	Bradford, W Yorks
20	Royal Grammar	Guildford, Surrey
21	Red Maids, The	Westbury-on-Trym
22	Lady Eleanor Holles	Hampton
23	St Mary's	Calne
24	Queen Mary's High	Walsall
25	Eltham College	Mottingham

Errors and omissions

WE APOLOGISE to four schools mistakenly omitted from our table. These were Dr Challoner's High in Little Chalfont, Buckinghamshire, which achieved an *FT* score of 1.12 and a rank position of around 272nd; Jewish Free School in Camden, London, a comprehensive which opted out this September, with an *FT* score of 1.05 which placed it around 378th; Southend High School for Boys, a grammar school with an *FT* score of 1.01, placing it around 430th; and The Emmbrook School, a comprehensive in Wokingham, Berkshire, with an *FT* score of 0.91, placing it around 598th.

Questionnaires were sent to the 1,100 top performing state schools according to last year's government statistics.

State schools which did not co-operate with us would therefore not have appeared although we hope that they will change their minds next year.

However, this meant that a few schools with sharply improved performance were omitted. These included the Weald of Kent Grammar School, in Tunbridge, which last year only managed 11 UCAS points per pupil. This year it scored 18, which would give an *FT* score of 1.08, placing it around 318th. The questionnaire for Lady Margaret School, in Parson's Green, London, appears to have gone astray and the school did not appear in the *FT* list but it scored the highest GCSE pass rate for any state school in inner London.

On fees, the annual boarding cost for UK students at Carmel College in Wallingford, Oxfordshire, is £12,450. The fee of £16,410 given in our table is for foreign students.

A mistake in the other direction incorrectly put New College, Cardiff, at the top of our "value for money" table. In fact it should not even have appeared in the top ten, and the best value school by our rough criteria was St Gerards, Bangor.

No school featured in the survey has raised any query about the exam results printed.

As They Say in Europe/**James Morgan**

Strange days for Social Chapter

THE ROLE of Britain in Europe – I bet that puts you off – could be changing. From *enfant terrible* to *bête noire*, it may now be on its way to *éminence grise*. These thoughts were inspired, if that is the word, by this week's annual conference of the Confederation of British Industry and the reflections of the London correspondent of *Libération*, Julien Lefranc. "Not European, the British? The cliché has to be adjusted," he wrote.

Now, the CBI has not usually been regarded as one of great engines of change that drives British society and Lefranc took care not to let anybody think it was. He just took, as a symbol of British reality, the marked preference for a single currency in the European Union which was expressed by business leaders in a CBI survey. Howard Davies, the CBI's director-general, spoke of wanting to avoid a situation "where there was a single currency over there and Ukrainian coupons here." That, said Lefranc, was a demonstration of pragmatism: the CBI recognised that it could export more if it operated in a single currency area.

This was contrasted, not with the views of the government, but with those of the City of London. For the City "Black Wednesday," when sterling had been ejected from the ERM, "had been regarded as a personal victory by many London financiers and investors." The event had saved a vast foreign exchange market which brought them large profits. But in fact, the paper concluded, these were marginal matters. The City was not really against industry on matters European; it was firmly in the European camp, for the Community provides a "plus for Britain."

So, rather disappointingly, the paper concluded, there was no real debate in Britain about Europe. Any differences today are mere nuances. And Jacques Delors should rejoice. So much for an article that started out with such promise. But you can see why the situation in Britain might be regarded as somewhat more placid than we had suspected.

So maybe the British are more European than they think. If one removes the theatrical, even hysterical, element which plays such a large part in domestic political debate, the basis of that debate is hardly different from anything in France or Germany: the role of the nation in a wider union, the problems of achieving a single currency and whether it can be done at all.

But there is still the Social Chapter, a classic example of the divide between Britain and the rest, and of how things can get out of hand. The British take this component of the Maastricht treaty at more than its face value. But Article 1 consists of banalities about improved living and working conditions, with a nod at their diverse meanings in different member countries. Article 2 says the Council of Ministers can agree on what might be done to further those aims. In Europe this is all symbols and horse-trading, as well as a reflection of certain aspects of industrial management that have proved quite successful.

But the British government, and in this it has the full support of employers, refuses to have anything to do with any of this. The Social Chapter is meaningful and it means higher costs. So no British minister of civil servant will play any role in its development and implementation. But the Labour Party supports it. One day maybe a Labour government may sign up to the social chapter; by that time it will have taken on a character that may be contrary to Britain's interests. Undoubtedly, whatever happens, Britain will follow the iron rule that has guided all post-war policy towards Europe: whatever the organisation, whatever the system, the British must join at the wrong time.

However, there is just one curious difference in the present situation. When it comes to discussing and voting on the implementation of the Social Chapter, British members of the European Parliament will not be excluded. They can therefore vote on matters from which British ministers are excluded. This fact is only now starting to sink in Europe and has caused alarm in Paris. It should not for, as it happens, Labour has, and presumably will continue to have, a majority among MEPs and will vote with other "socialists." So the Social Chapter will benefit from the input of the official opposition in Britain but not from that of the British government. Now that is what makes the British different, not real Europeans. No other government hands its opponents free gifts like that. When others press for a ban on British Euro-MPs participating in votes on the Social Chapter, will the British government show its Euro-credentials by taking the lead in that campaign?

No, I was wrong, the British are not *eminences grises*, but wise fools, *idiots savants*.

■ *James Morgan is economics correspondent of the BBC World Service.*

Minister for a Day/**Jonathon Porritt**

Five executive decisions

AS environment secretary for a day, I make an early start, arriving by bicycle at the hideously ugly Marsham Street Towers, central London, in which the Department of the Environment is located.

Demolition would seem to be the only solution for such unloved carbuncles, but I am not feeling sufficiently explosive so early in the day to order it then and there.

I do however note the paucity of bicycle racks.

Five executive decisions before breakfast, essentially to knock off all the things the Government has been promising to do, but has not quite managed: to bring the long-awaited Environmental Protection Agency into being before the end of the year; to reintroduce Peter Ainsworth's Hedgerow Protection Bill into the Commons in the next session – this time as an official Government Bill so that it cannot be talked out by those who see all such regulation as an unwarranted extension of the powers of the State; to implement the measures (already enacted by this Government in the 1990 Environmental Protection Act, but disastrously postponed in breach of EC Directives) to regulate operators of landfill sites and toxic waste dumps more rigorously; to triple the budget of the Energy Efficiency Office, starved for so long of cash and influence that it has not even managed to persuade Government departments to save any energy; to extend statutory protection to all Sites of Special Scientific Interest, the so-called "jewels in the crown of UK conservation", of which more than 500 have been damaged over the last two years.

Over breakfast, I realise that I could go on all day effecting equally useful bits and bobs of environmental legislation. But very few of them would leave the UK any more prepared to confront the challenge of sustainable development – embraced so enthusiastically at the Earth Summit last year by John Major, the prime minister – than it is today. Ironically, it turns out that the environment secretary has few direct powers to protect the environment. Real power lies in the Treasury, the Department of Trade and Industry, the Department of Transport and Ministry of Agriculture.

At which point I seize hold of the phone, ring the prime minist er's direct line, and persuade him to extend my powers for a day to address environmental issues within those departments.

First stop, the Department of Transport. The first decision is to axe most of the £24bn road building programme which until now has been mysteriously immune to cost-cutting pressures from Clarke and Portillo. (Anticipate considerable brownie points from these two gentlemen, which could come in very handy later.) Retain only those by-pass schemes which have the overwhelming support of the towns and villages involved.

> *'I would bin the fatuous plans for privatising British Rail'*

Then I would do everyone a favour, including John MacGregor, the transport minister, by binning his fatuous plans for privatising British Rail, and redirecting around 50 per cent of the money saved on the road programme to new investment in rolling stock and electrification projects.

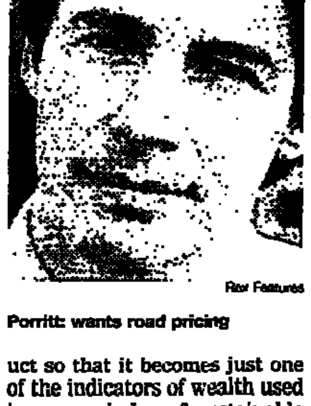
Simultaneously, I would authorise local authorities to introduce road pricing schemes on roads for which they are responsible, on condition that the proceeds are earmarked specifically for investment in new light rail or tram systems, in further traffic-calming measures (which have already proved popular), and in measures to promote cycling. (You may think I am a bit obsessed by bikes, but don't you realise there are 5m riders?)

From there to the Department of Trade and Industry with a modest brief to shame them into implementing the recommendations of the Advisory Committee on Business and the Environment – a committee made up of leading business representatives which the DTI itself established but has since systematically ignored. Even the business community is fed up with this Government's prevarication in adopting the business case for sustainable development, let alone the ecological case.

Then to the Ministry of Agriculture to set aside the infamous Set Aside scheme, by designating the whole of the UK as an Environmentally Sensitive Area.

Last stop on my magical bicycle tour: the Treasury. Just two little reforms here: a complete revamp in the way we present the national accounts, relegating gross national product so that it becomes just one of the indicators of wealth used in a new index of sustainable welfare. There is nothing wrong with economic growth of the right kind, but the pursuit of growth at all costs as an end in itself is absolutely incompatible with achieving sustainable development.

Finally, end the day with a big bang by committing the Government to phasing out income tax entirely by 2000, and to recoup the missing £56bn through new taxes on energy, raw materials and waste. That should get the jobs market moving. Back home for a large and well-deserved malt whisky, one of the most environmentally-friendly products known to man.



Rex Features

Porritt: wants road pricing

■ *Jonathan Porritt is one of Britain's best-known campaigners on the environment.*

Country note/**Clive Fewins**

Woodland ways

WOODS are as much a part of Britain's history as village churches and castles. But they are less respected, and often much more vulnerable.

Kenneth Watkins realised this from his early 20s as a farm boy in Somerset. However it was not until 40 years later, as a wealthy retired agricultural engineer, that he was able to put his lifetime's vision into practice by forming The Woodland Trust.

Now aged 82, from his retirement home in a village on the edge of Dartmoor, he still takes a regular walk in the nearby 100-acre Avon Valley Woods, the trust's first acquisition, that he negotiated 21 years ago.

He is still chairman of the trust, which owns some 594 woods and manages more than 20,000 acres of woodland, stretching from Uig on the Isle of Skye to St Ives in Cornwall. It has a staff of 80 at its headquarters in Grantham, Lincolnshire, and another 46 staff, including 30 woodland officers, around the UK, and an annual income of £6m.

Next week, National Tree Week, November 25 to December 5, the trust is celebrating its coming-of-age with a series of activities.

There are celebratory tree plantings, demonstrations, open days, guided walks and woodland management courses, all aimed at reinforcing the prime message of the trust – that woods, particularly those threatened by clearance, large-scale conifer planting or neglect, need safeguarding.

A typical Woodland Trust wood is Lineover Wood, 100 acres of mixed ancient woodland near Cheltenham. The trust purchased it from the Severn Trent Water Authority in 1986 with the help of grants from The Countryside Commission, the Nature Conservancy Council, Cheltenham council, the World Wildlife Fund, trust members and local people.

Today it is presided over by 72-year-old retired nurseryman Ron Coates. Over the past six years Coates has spent an estimated 10 hours a week acting as voluntary warden.

With the help of his son, John, and volunteers he has been clearing scrub, improving the access and encouraging the regeneration of natural species.

"I couldn't think of a more satisfying way of spending my old age," said Coates, who used to tramp the wood as a boy.

Woods owned by the trust are mainly used for leisure pursuits, such as walking and riding. In addition there are the many people – the trust has 150,000 supporters that it contacts by post – who like nothing more than a few hours enjoying woodland peace.

The trust has a "Country Seats" programme in 13 of its woods which was started in 1988 in response to an £80,000 legacy left by a long-standing member.

It also has a woodland creation scheme, launched in Suffolk in 1991, and expanded to include another five sites. Although the trust does not fell wood specifically for sale, selling timber felled for management purposes forms a significant proportion of the trust's income.

John James, director of the trust since 1980, says it is, on average, acquiring woods at the rate of one a week. He believes that sympathetic land ownership is the best way for the trust to offer the long-term protection that woodlands need.

■ **The Woodland Trust, Autumn Park, Grantham, Lincolnshire NG31 6LL. Tel: 0476-74297.**

FOOD AND DRINK FOR CHRISTMAS

Let fax and phone do the walking

*With the holiday fast approaching, **Nicholas Lander** and **Jancis Robinson** pick their top food and drink suppliers*

WE ARE *encouraged to repeat last year's Guide to Armchair Shopping by an account of how one reader made full use of the column recommending top-class food producers.*

The reader, a "legal eagle" during the week and a keen cook at the weekend, returned home late one night, sat down with his *Weekend FT*, worked out his requirements and sent them off by fax. In spite of the fact that it was late at night he received confirmation of one order, for wild boar, by return – obviously from a farmer who keeps his fax machine in the bedroom. Three days later the boar was delivered.

We hope that this year's guide will save you all considerable backache.

Wines and spirits

Most wine merchants are *organised, and only too* pleased, to despatch a case of wine by post or carrier.

However, the following are the most consumer-friendly either because they have particularly appetising lists, *have given special thought to* the quality of the cartons they use to minimise breakages, and/or because they have created a wide range of gift packs.

Adnams, The Crown, High Street, Southwold, Suffolk IP18 6DP. Tel: 0502-724222, fax 0502-724805. The substantial, well-illustrated list is an annual *cri de coeur* from Adnams' Simon Loftus, *Britain's most benevolently* opinionated wine merchant.

John Armit Wines, 5 Royalty Studios, 105 Lancaster Road, London W11. Tel: 071-727-6846, fax 071-727-7133. Distinctive and glamorous list with *intensely personal comments and blasts from some of* Armit's longstanding intimates among the great and the good of the wine world. Cases only.

Berry Bros and Rudd, 3 St. James Street, London SW1A 1EG.Tel: 071-396-9600, fax 071-396 9611. Their glassware, particularly claret jugs, would make a first class present.

Eckington Wines, 2 Ravencar *Road, Eckington, Sheffield.* Tel/fax: 0246-433213. Doctor emigrates from under-funded NHS to underpaid wine trade. Speciality: Australia, Midi, and good value.

Findlater Mackie Todd, Deer Park Road, London SW19 3TU. Tel 081-543-7528 Now, Waitrose's mail order arm, but they have some much smarter *wines than the supermarket* chain: Jayer-Gilles' spectacular red burgundy Bourgogne Hautes Côtes de Beaune 1990, hors classe and worth £11.55; and the racy Goundrey Western Australian *Chardonnay* 1992 at £7.35 – a fine pair for Christmas dinner.

Gelston Castle, Castle Douglas, Scotland DG7 1QE. Tel: 0556-503012, fax 0556-504183. Wine merchant as wine writer: this list will tell *you more than most wine books. Great Germans and* more.

Justerini & Brooks, 61 St James's Street, London SW1. Tel: 071-493-8721 and 39 George Street, Edinburgh. Tel: 031-226-4202. Excellent burgundy, Rhône, and Midi and carefully thought out gift packs.

Lay and Wheeler, Culver Street West, Colchester, Essex *C01 1JA. Tel: 0206-764446,* 0206-564488. First class all round wine merchant. Very efficient and flexible. From Henschke Australians to Coche Dury burgundies.

Laymont & Shaw, The Old Chapel, Millpool, Truro. Tel: 0872-70545, fax 0872-223005. *Spanish wine specialists with* particularly attractive Cornish *willow six-bottle cellar baskets* for £29.50.

James Nicholson, 27a Killyleagh Street, Crossgar, Co Down, N Ireland BT30 9DG. Tel: *0396-830091, fax* 0396-8330028. Admirable wine merchant on any basis.

The Nobody Inn, Doddiscombsleigh, near Exeter, Devon EX6 7PS, tel 0647-52394. Enthusiasm is the all-too-rare keynote here. Very catholic collection.

Thos Peatling, Westgate House, Bury St. Edmunds, Suffolk, 1P33 1QS, tel 0284-755948, fax 0284-705795. Best value in petit château clarets.

Reid Wines, The Mill, Marsh Lane, Hallatrow, near Bristol BS18 5EB, tel 0761-52645, fax 0761-453642. Particularly good for one bottle of a rarity, plus advice on whether it is really *worth the money*.

Tanners Wines, 26 Wyle Cop, Shrewsbury, Shropshire SY1 1XD. Tel: 0743-232400, fax 0743344401. The archetypal country wine merchant with many branches in Welsh border country.

La Vigneronne, 105 Old *Brompton Road, London SW7* 3LE. Tel: 071-589 6113. First rate Alsace, Midi and Provence; a treasure trove of single bottles.

Windrush Wines, The Ox House, Northleach, *Cheltenham, Glos. GL54 3EG.* Tel: 0451-860680 fax 0451-861166. New list full, as ever, of plums and sound advice.

The Wine Society, Gunnels Wood Road, Stevenage, Hertfordshire SG1 2BG. Tel: 0438-741177, fax 0438-741392. Unique, customer-led ethos and some excellent wines: sherries, Gratien champagne (both the Society's NV and a lovely 1985 at 19.50) and a very serviceable St Emilion in Vieux Château Rocher Corbin 1989 at £6.15.

The *Scotch Malt Whisky* Society, The Vaults, 87 Giles Street, *Leith, Edinburgh.* Tel: 031-5543451, fax 031-553 1003. Annual membership £40 which includes an introductory bottle worth 30. Extensive range of individualistic, and potent, malt whiskies.

Meat, Poultry and Game.

Dukeshill Ham Co, Bridgnorth, Shropshire WV16 6AF, 074-635519, fax 074-635533. Wiltshire and York hams, whole and sliced.

Fletchers Fine Foods, Reediehill *Deer Farm*, Auchtermuchty, Fife KY14 7HS. Tel: 0337-28369, fax 0337-27001. Joints of venison, venison paté, juniper berries and recipes for cooking venison.

Goodman's Geese, *Walsgrove* Farm, Great Witley, Worcester *WR6 6JJ. Tel 0299-896272. Free-*range, extra meaty geese.

Heal Farm, Kings Nympton, Umberleigh, Devon EX37 9TB. *Tel 0769-574341, fax 0769-572839.* Top quality meats, particularly rare breeds of pig, but at top prices.

Ian Miller's Organic Meat, Jamesfield Farm, by Newburgh, Fife KY14 6EW. Tel 0738-85498, fax *0738-85741, for* tip-top Scottish beef.

Meat Matters, 67, *Woodland* Rise, London N10 EUN, 081-442 0658. A very personal service of elegantly wrapped organic meat for London only.

Rannoch Smokery, Kinloch Rannoch, Pitlochry PH16 5QD, Perthshire. Tel: 0882-632344, fax 0882-632441. Smoked venison *for a delicious first course.*

The Game Larder, Rushett Fram, Chessington, Surrey KT9 2NQ. Tel: 0372-749000. Game hung to order as well as deer, woodcock and wild boar.

Hereford Duck Company, *Trelough House, Wormbridge,* Herefordshire HR2 9DH. Tel: 098-121767. A new breed of duck, the Trelough, bred by proprietor Barry Clark.

HOF Shop of Eastbrook Farm, 50 High Street, Shrivenahm, Oxfordshire SN6 8AA. Tel: 0793-782211. Excellent quality *organic beef, lamb and* hams.

Kelly Turkey Farms, Springate Farm, Bicknare Road, Danbury, Essex CM3 4EP. Tel: 0245-223581, fax 0245-226124. A family run farm breeding excellent turkeys.

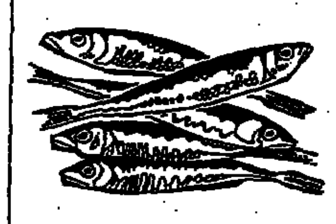
The Real Meat Company, *East Hill Farm, Heytesbury,* Warminster, Wiltshire BA12 0HR. Tel: 0985-40501, fax 0985-40231. And for overnight delivery Real Meat Express, tel 0985-40501.

Morris's Gold Medal Black Pudding, 120, Market Street, Farnworth, Bolton, Lancashire BL4 9AE. Tel: 0204-71763. For me, the top producer of this Lancastrian delicacy.

Somerset Ducks. Tel: *0278-662656. Boned, stuffed and* cooked ducks, duck sausages and pâtés.

Swaddles Green Farm, Hare Lane, Buckland St Mary, Chard, Somerset. Tel: 0460-234387, fax 0460-234591. The full range of organic meats but the American Bronze turkeys and its *jambon cru* are distinctive.

Richard Vines, *Hillhead* Farm, Chagford, Devonshire *TQ13 8DY. Tel/fax 0647-433433.* Indigenous beef breeds reared on the Devon moors.



Fish, smoked fish and smoked meat products

Ashdown Smokers, Skellerah Farm, Corney, Cumberland LA19 5TW. Tel: 0229-718324, fax 0229-718339. Traditional smokers of all cuts of meat, fish and cheeses. Particularly renowned for their smoked Herdwick mutton hams.

James Baxter & Son, Thornton Road, Morecambe, Lancs LA4 5PB. Tel: 0524-410910. Morecambe Bay potted shrimps, one of Britain's great undiscovered delicacies.

Brown and Forrest, Thorney, Langport, Somerset, TA10 ODR. Tel: 0458-251520, fax 0458-253475. Smoked eel, fillets, paté and whole, smoked salmon and smoked duck.

Carew Oyster Farm, Tything Barn, West Williamston, Kilgetty, Pembrokeshire SA68 0TN. Tel: 0646-651452. Delicious *Pacific oysters* bred in the Carew river and priced for the oyster lover – the more you order the cheaper they are.

Dunkeld Smoked Salmon, Springwells Smokehouse, Brae Street, Dunkeld, Perthshire PH8 OBA. Tel: 0350-727639, fax 0350-728760. A most distinctive range of smoked salmon, farmed and wild, and gravad lax.

H Forman & Son, Queen's Yard, White Post Lane, London E9 5EN. Tel: 081-985 0378, fax 081-985 0180. One of the few remaining smokers in London's East End.

Heritage Foods, Bristol. Tel: 0275-462676, fax 0275-462279. For the excellent Glenarm salmon, fresh and smoked, from Northern Ireland.

Highland Taste, Glenogle Farm, Lochearnhead, Perthshire FK19 8PT. Tel: 05673-378, fax 05673-380. All things smoked: smoked salmon, kippers and smoked wild boar.

Inverawe Smokehouses, Taynulit, Argyll PA35 1HU. Tel: 08662-446, fax 08662-274. The full range of smoked fish and meats plus Loch Etive Scottish Caviar.

Loch Fyne Smokehouse, Clachan Farm, Cairndow PA26 8BH, Argyll. Tel: 04996-217, fax 04996-234. Oysters, smoked mussels and salmon

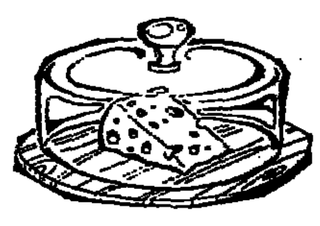
Minola Smoked Products, Kencot Hill Farmhouse, Filkins, Lechlade, Gloucestershire GL7 3QY. Tel: 0367-860391, fax 0367-860544. A distinctive range of meats and fish smoked without artificial flavours or colourings – quail, venison and guinea fowl - that make ideal party food.

Simply Salmon, Severals Farm, Arkesden, Saffron Walden, Essex CB11 4EY. Tel: 0799-550143, fax 0799-550039.

Summer Isles Food, Achiltibuie, Ullapool, Ross-shire, IV26 2YG, tel 0349-884351, fax 0349-884074. Distinctive Smoked salmon and a kipper club.

Richard Woodall, Lane End, *Waberthwaite, Millom*, Cumbria LA19 5YJ. Tel: 0229-717237, fax 0229-717007. Delicious Cumberland sausages and hams, Parma-style air dried ham and first class bacon.

Seasalter Shellfish, The Harbour, *Whitstable, Kent CT15* 1AB, tel 0227-272003, fax 0227-264829. Pacific oysters from England's most famous oyster beds.



Cheeses

The 1990 Food Safety Act makes it impractical for the increasing number of *quality conscious producers of farm*house cheeses to reach their customers directly by mail order. What follows is a list of some of the country's top cheese retailers who will supply by post:

Chatsworth Farm Shop, Stud Farm, Bakewell, Derbyshire DE4S 1UF. Tel: 0246-583392, fax 0246-583464. Produce from the Duchess's *farm* and other *top* British producers. La Fromagerie, *30 Highbury* Park, London N5 2AA. Tel/fax: 071-359-7440. Italian and French cheeses decorated for a dinner party.

Mrs Montgomery, Manor Farm, North Cadbury, Near Yeovil, Somerset BA22 7DW. Tel: 0963-40243, for an exceptional, unpasteurised Famhouse Cheddar.

Neals Yard Dairy, 17 Short's Gardens, London WC2H 9AJ. *Tel 071-379-7646, fax* 071-240-2442 The widest selection of British and Irish farmhouse cheeses which converts even the top French chefs.

Paxton & Whitfield, 93 Jermyn Street, London SW1 6JE. Tel: 071-930-0259, fax 071-358-9556. Stilton, Cheddar and hams by post.

Pugsons Food and Wine, *Cliff House*, 6 Terrace Road, Buxton, Derbyshire SK17 6DR. *Tel: 0298-77696, fax 0298-72381.* An interesting range of wines and cheeses.

The Mousetrap, 3 School Lane, Lampeter, Leominster, Herefordshire. Tel: 0568-615512, and at 1 Bewell Square, Hereford (0432-353423).

Teifi Cheese, Glynhynod Farm, Llandysul, *Dyfed* SA44 5JY.Tel: 0239-851528. Teifi is *delicious, similar to Gouda.*

Ticklemore Cheese Shop, 1 Ticklemore *Street*, Totnes, Devon TQ9 5EJ. Tel: 0803-865926. Beenleigh Blue, Blue Vinney and a range of Farmhouse Cheddars.

Herbs and dried mushrooms

A reliable source of herbs and dried mushrooms can make a great difference to your cooking, particularly during the winter months.

Gourmet By Post, 13 Hawthorn Road, Sutton, Surrey. Tel: 081-395-2391. Dried wild mushrooms from France – cèpes, girolles and morels – and black truffles.

Herbary Prickwillow, Mile End, *Prickwillow*, Cambridgeshire. Tel; 0353-88456, for herbs, edible flowers and herb plants.

Hill Farm Herbs, Park Wal, Brigstock, Northamptonshire, tel 0536-373694, fax 0536-373246, for their "Herbs for Cooking" collection.

Iden Croft Herbs Ltd, Frittenden Road, Staplehurst, Kent TN12 0DH. Tel: 0580-891432, fax 0580-892416 for Rosemary Titterington's delightful range of herbs and edible flowers.

Mycologue, 35 King Henry's *Road*, London NW3 3QR. Tel: 071-722-4059, fax 071-234-4058. A *catalogue* of products for the keen mushroom collector.

Continued on opposite page

FOOD AND DRINK FOR CHRISTMAS

Still silence of the Lowlands

Giles MacDonogh mourns the closure of a string of distilleries

IT HAS been a bad year in the Scottish distilleries. The heady liquid in the whisky loch is rising fast and the industry's response has been to silence a number of stills.

Most distilleries close for a spell during summer to allow staff to holiday and for maintenance work; but this year the closures were longer than usual and some of the distilleries did not open for production in the autumn.

As you travel from still to still you hear some pretty fancy semantics these days: when is a "silent" distillery actually a mothballed distillery; when is a mothballed distillery actually closed?

Worst hit have been the Lowland malts. In June, United Distillers decided to close all its Lowland distilleries with the exception of Glenkinchie. Whisky-lovers shed the odd tear for the gentle Bladnoch, Scotland's most southerly distillery: a delicate, Lowland classic. But that was nothing to their reaction to the closure of Rosebank, a triple-distilled *whisky which* many considered the greatest in its class.

There was no question that Rosebank was a better malt than Glenkinchie; but Glenkinchie had an advantage which Rosebank could not equal: the distillery is in a pretty valley just half an hour's drive from Edinburgh; perfect for a day out for tourists. Rosebank, on the other hand, was in the ugly industrial town of Falkirk. Not many tourists would travel to Falkirk. So Rosebank got the bullet.

In June, Bladnoch and Rosebank were definitely closed. UD's decision was hardly greeted with applause from the specialist press and the company modified its tone. Now the stills are simply mothballed. Time will tell us what that expression means.

Bladnoch and Rosebank were just the last in a series of closures. Gone is Grants' Ladyburn; St Magdelene and Kinclaith went a decade ago; Allied's Lomond and Interleven have been mothballed; At the moment only one Lowland malt, Auchentoshan, is distilling.

Why did the Lowland malts go to the wall? Opinions differ. For a malt whisky to survive, say the experts, it must be able to appeal to the blenders. Within UD the line is that the Lowland malts had too little personality to play a big role in blends such as Johnnie Walker or Bells.

In the distilleries, however, one hears a quite different story: at Glenkinchie only 10 per cent is reserved for release as a single malt; the rest goes into UD blends. Similarly Stewart Hodgkinson at Auchentoshan told me that his whisky was in demand from blenders as it "packed" a blend and allowed, you to be a little more sparing with the more rarified products of the Highlands and Islands.

Snooping round a blender's office the other day I found no shortage of Lowland malts among the palate of whiskies to be used in one of the premium blends.

When I spoke to the blender about this he was frank: he deeply regretted the passing of some of the Lowland malts, in particular Rosebank, but he had no shortage of stock for the time being.

Glenkinchie is also silent. The excuse is the need to replace the wash tun: the vessel in which the porridge-like wort is mixed from malted barley and hot water. The new wash tun will take a year to fit, say UD. Elsewhere they are sceptical. "It took us just six weeks to replace our wash tun," One distillery manager told me, "Why do they need a year?" The implication is that Glenkinchie has also produced more than it can sell.

Still, UD is unlikely to mothball Glenkinchie, which plays is part of the highly successful "Classic Malts" portfolio. It is a light whisky. Almost no peat is used in the drying of the malt. As a result Glenkinchie is more or less devoid of the smokey, phenolic aromas of the more powerful malts. It is certainly not a bad dram: the aromas of dried fruit and nuts dominate.

With Rosebank gone, Auchentoshan is the last Scottish malt to be made by triple distillation: a method which was always common practice in the Scottish Lowlands and Ireland. Triple distillation means that the whisky comes off the still with a higher proportion of the beery wash transformed into alcohol than in the case of a double-distilled malt. The process eliminates quite a number of flavour compounds, but it also removes the heaviness of the malt.

Auchentoshan's light elegance together with its delicate orange zest and cereal bouquet have encouraged the distillery's owners, Morrison-Bowmore, to launch a new malt in the new year: Auchentoshan "Select".

This is to be a vatted malt without an "age statement" designed to appeal to the younger drinker who is being wooed by bourbon and vodka. I have tasted the malt. It is not their standard 10-year-old, nor is it their fruity 21-year-old; but it deserves to succeed if the Lowland style is to survive.

Tony Andrews

Silent survivor: while many Lowlands distilleries have been closed down, Glenkinchie is merely shut for maintenance

Appetisers

Top taste

THE ICA is launching a series of dinners called TASTE at which top chefs who have had a big impact on British cooking will prepare a dinner and then answer questions.

The series was due to kick off yesterday with Alastair Little, who normally cooks at his Frith Street, London, restaurant. Rick Stein from the Seafood Restaurant, in Cornwall, follows in February and Bruno Loubet in March. Chefs Shaun Hill, Paul Rankin and Paul Gayler perform later in 1994.

Tickets cost £45 each (£80 for 2) including a three-course dinner and wine, with proceeds to the development of the artistic programme. Contact Melissa Larner tel: 071-873-0061, fax 071-873-0051.

■ Four very different French chefs – Michel Roux, Raymond Blanc, Bruno Loubet and Michel Lorain – will be taking over the kitchens of Le Meridien, Piccadilly, from Monday November 29 to Thursday December 2.

With the permission of David Chambers, the hotel's head chef, they will be cooking meals that will include their interpretation of such British dishes as baked cod in parsley sauce (Roux), bread and butter pudding (Blanc), individual toad in the hole with onion gravy (Loubet) and sticky toffee pudding (Lorain).

The wines, available by the bottle, half and glass, are from the Baron de Philippe de Rothschild properties. Dinner will cost £49 per person excluding wines. Tel: 071-734-8000, ext 43.

Continued from previous page

Olive oils/Miscellaneous

Berrydales, 5 Lawn Road, London NW3. Tel: 071-722-2866, fax 071-722-7685. Christmas recipes and ingredients for those on restricted diets.

Brindisa, Winchester Walk, London SE1 9AG. Tel: 071-403-0282, fax 071-403 5044, for cheeses from Spain, olive oils and spicy chorizo sausages.

Carluccio's, 28A Neal Street, London WC2H 9PS. Tel: 071-240-1487, fax 071-497 1361. The wild mushroom specialist, also Italian food and a range of hampers.

Divertimenti, 42-44 Westbourne Grove, London W2 5SH. Tel: 071-221 2112, fax 071-792 0069. Stylish equipment for the discerning chef.

Les Fines Herbes, 8 St Mary's Hill, Stamford, Lincolnshire PE9 2DP. Tel: 0780-57381. Fruit, flower and herb vinegars and jellies.

Leathams Larder. Suppliers of smoked salmon, smoked meats, olive oils and other foodstuffs to the restaurant trade, now supplying private customers. Contact Belinda Hadden. Tel: 071-371-8268, fax 071-371 8269.

The Oil Merchant, 47, Ashcurch Road, London W12 9BU, tel 081-740 1335, fax 081-740-1319. An extensive range of French oils and Italian balsamic vinegar, Rizzoli anchovies and sardines, pastes and sauces.

Panzer delicatessen, 15 Circus Road, London NW8 6PB. Tel: 071-722-1496, fax 071-586-0209.

The Scottish Gourmet, Thistle Mill, Station Road, Biggar ML12 6LP. Tel: 0899-21001, fax 0899-20456. Annual subscription £9.95 for monthly newsletters and the best of Scottish produce.

Taylor and Lake, Park Farmhouse, Sandford St. Martin, Oxford OX5 4AH. Tel: 0608-83366, fax 0608-83650. A tip top range of oils, vinegars and pastes as well as sun dried tomatoes, capers and sauces.

Valvona and Crolla, 19 Elm Row, Edinburgh, EH7 4AA. Tel: 031-556-1668. More than 4,500 food product lines and an extensive range of Italian wines.

The Wiltshire Tracklement Company, High Street, Sherston, Malmesbury, Wiltshire SN16 OLQ. Tel: 0666-840851, fax 0666-840022. A delicious range of different mustards, condiments and jellies for all dishes.

Winecellars, 153-155, Wandsworth High Street, London SW18 4JB. Tel: 081-871-3979, fax 081-874-8380. Italian olive oils, pasta and chestnut flour as well as a top range of Italian wines.

Coffee, teas, cakes and chocolates

Ackermans Chocolates, Goldhurst Terrace, London NW6, tel 071-624-2742. A wonderful source of all things chocolate, especially stocking fillers.

Algerian Coffee Stores Ltd, 52, Old Compton Street, tel 071-437-2480, fax 071-437-5470. Excellent teas and coffees and, from Calabria in Italy, chocolate-coated figs and walnuts.

Bagatelle, 44 Harrington Road, London SW7. Tel: 071-581-1551. For all Christmas sweetmeats, *á la française*.

Melchior, Chittlehampton, Devon EX37 9QL. Tel: 0769-540643. Truffles, pralines and fruit liqueurs made by Swiss Carlo Melchior.

Monmouth Coffee Company, 27 Monmouth Street, London WC2H 9DD. Tel: 071-836-5272, fax 071-240 2442. Arabica coffees and gift boxes.

Meg Rivers Cakes, Middle Ysoe, Warwickshire CV35 0SE. Tel: 0295-688101, fax 0295-680799. Traditional English fruit and Christmas cakes posted worldwide and a monthly Cake Club.

Rococo Chocolates, 321 Kings Road, London SW3. Tel: 071-352-5857.

Sara Jayne, 517 Old York Road, Wandsworth, London SW18 1TS. Tel: 081-874 8500, fax 081-874 8575, for stunning, generous truffles.

Sarah Nelson's Grasmere Gingerbread Shop, Grasmere, Cumbria LA22 9SW. Tel: 05394-35428. A British delicacy made to a secret recipe.

The Chocolate Society, Otley, Yorkshire, LSZ1 2RA. Tel: 0943-851101, fax 0943-468199. The finest cooking chocolate and products for chocoholics.

Tod Holdings, 18, Bridge Street, Kirkwall, Orkney. Tel: 0856-873165, fax 0856-873655. Traditional Scottish biscuits and oatcakes.

The Toffee Shop, 7 Brunswick Road, Penrith, Cumbria CA11 7LU. Tel: 0768-62008. The finest British fudge. Made to a secret recipe.

The Village Bakery, Melmerby, Cumbria CA10 1HE. Tel: 0768-881515, fax 0768-881848. Christmas cakes, puddings, hampers, and more surprisingly, Russian sourdough bread.

Bubbly competition winners

WEEKEND FT readers revealed an extraordinary fondness for puns, anagrams and acronyms in a competition I set last month to find an acceptable colloquial name for bottle-fermented sparkling wine that is not made in Champagne, writes Jancis Robinson.

Of the hundreds of suggestions, most were inspired by the forbidden appellation, as in Shampagne, the choice of many but, surely, too perjorative. There was Champ, Pagnecham, Chamagne, with-Champs, Sparklagne, and, perhaps most onomatopoeically appealing, Chamcham.

Pascham, like many of the entries, depended on a fair knowledge of French, although the Scotswoman who suggested it was keen to say that the name incorporated "more than a hint of passion" (she also asked us not to print her address as: "We'd rather not have any uninvited visitors after the prize".)

Another opinionated suggestion came from Cambridge, but again was pejorative: "May I suggest that for something essentially bubbly and frothy a suitable name would be "Fergie". This has the further advantage that it suggests it is not quite the real thing".

The phrase Vin Deux Fois suggested a full grasp of production techniques, as did Bib (for Bubbled in Bottle). Notch (short for Not Champagne) suggested by a Belgian diplomat based in Muscadet country also had its attractions.

But the six bottles of Green Point 1990 donated by Mot & Chandon go to a reader with an indecipherable signature and the post code BN7 3PF near Lewes, east Sussex, for Trad, a shortened form of the official "Méthode Traditionnelle" description to be found increasingly on labels. He or she pointed out that it could be used as in "non-vintage trad" and, in this case, jolly good "Australian trad". The name may not fizz on the tongue, but its credentials sound impeccably solid.

Practical Traveller/Nicholas Woodsworth

The Sting in any language

A FEW years ago, strolling beside the Nile in Cairo, I fell into conversation with a middle-aged Egyptian. He was charming and affable, well-dressed and well-spoken. I liked him immediately.

He was, he told me, a lecturer in middle-eastern history. We stopped for coffee. We talked about Egyptian politics, history, social life. We got along famously; before the hour was up he had invited me to his niece's wedding that evening.

We also discussed my own plans to travel around Egypt. He had a contact in the department of railways, he told me, who could issue two-week, unlimited-travel rail passes at considerable savings. Normally they were available only to researchers and academics on official visits. But for me, his friend, it could be arranged.

We took a taxi to a vast ministry building. I gave him the money for the pass and waited outside. It was better that way, he said – in shorts and T-shirt I did not look terribly academic. An hour later I was still waiting, and went in to investigate.

There was no official who dealt with foreign academics. There was no such thing as a two-week rail pass. And there was no history lecturer. My "friend" – one of Cairo's accomplished confidence tricksters – had taken the money and vanished. I had no-one and nothing to blame except his wholly convincing act and my own naiveté.

We live in a sophisticated age where image and marketing power are everything. It is no wonder that street crime, too, uses its own slick methods to exploit the gullibility of travellers unfamiliar with local conditions. There are still plenty of brutal gunmen and dark alleys out there, but there are also lots of perfectly charming people who are capable of lightening your pockets with little more than a smile.

What is worse, you will, at least until it is too late, smile right back. The following are just a few of the more common methods of non-violent crime practised on city streets from Mexico to the Philippines.

Diversions and distractions. On a pavement in Zambia I once received a hearty handshake from a man welcoming me to his country – so vigorous was it, so engaging his conversation, that it was only minutes later that I realised he had removed my watch from my wrist. In Barcelona once I was taken aback when a young woman with a remarkably prominent chest bumped into me, as it were, head on; I would have liked to think it was true love – her real purpose, though, was to take my mind off the hand slipping into my back pocket.

There are still plenty of gunmen out there, but there are also lots of charming crooks capable of lightening your pockets with just a smile

Such diversionary tactics are commonly practised by thieves in crowded places and often planned by groups of two or three. If a man in your path appears to slip, or if two boys begin rough-housing in front of you, beware: as you are bumped and concentrate on not falling, an accomplice may be deftly picking your pocket or slicing your bag open with a razor. Do not even check your money if someone rushes up and says you have just been pickpocketed. This is an easy way of finding out just exactly where you keep your money; five minutes later you might not have any left.

Extortion by petty bureaucrats. Policemen, soldiers and minor functionaries are often pitifully paid in the developing world and sometimes cannot resist abusing the power they have to supplement their wages. At Lagos airport, for example, customs officials often bluntly ask departing businessmen for "presents" – so anxious are these travellers to catch their aircraft that they will hand over money.

Extortion at frontiers and in government offices, though, is one case in which the victim has a choice. A polite but firm "no" is usually enough to make an official back down; the alternative – outright theft – and its possible consequences are rarely worth his while.

Credit cards. Never let them out of your sight. A favourite trick of dishonest Bangkok merchants, among others, is to disappear just long enough with your card to make a number of blank impressions. A few seconds are enough. As they have your signature along with your purchase, they are then free to fake the signature and fill in the blanks as they like.

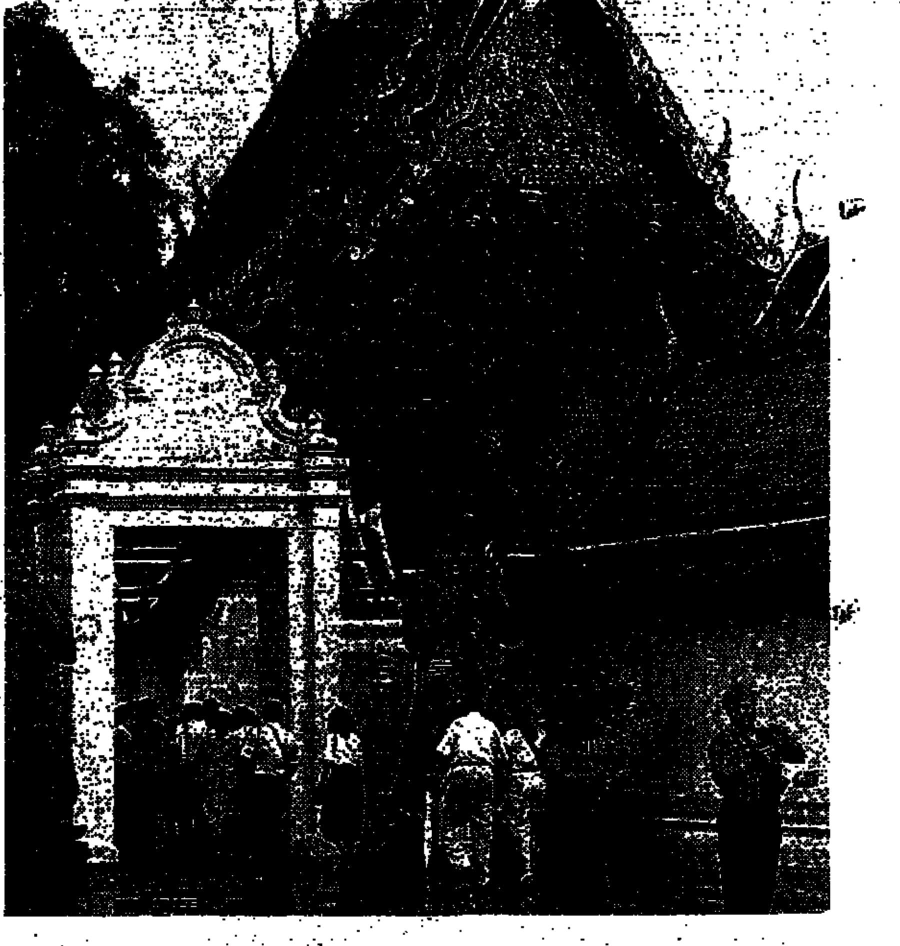
In countries where credit card purchases may be made by telephone, your credit card number alone may be sufficient for fraudulent use. In some cities, customers now ask that even the carbon sheets used to make card receipts be returned to them – anyone might make use of them once thrown in the rubbish.

Bank accounts. Be equally cautious about handing out your bank account number. Although banks are leary of wiring money without sufficient verification, crooks who are able to obtain your home account number may try setting up a local account in your name and having funds transferred to it. Some succeed.

Impersonation. In Manila, tourists are sometimes stopped by men in neat suits driving large new cars. They flash phoney police badges and explain they are checking for counterfeit bank notes. They invite the tourists to step inside, check their cash, surreptitiously remove whatever pleases them, assure their relieved victims that their money is the real thing, and then drive off.

Drugging. Strong doses of barbiturates may leave no marks, but in south-east Asia especially, this is a fast-growing method of robbery. It is easily practised, for local hospitality – a sweet given on a bus ride, the offer of a cup of tea – is hard to resist.

Alarmingly, such invitations can end with the guest waking up hours later on a piece of waste ground with a sore head and an empty wallet. It may be a pretty young woman at the post office, or a smiling man who says he was your airport bus driver. These days, sadly, one can never be sure of a smiling stranger's motives. Caution remains the traveller's best companion.



Tourist trap: in Bangkok, especially, watch your credit cards

Travel Books/Michael Thompson-Noel

Guide to the fate of the giants

IT IS a shock, seeing elephants in the wild. What causes the sensation is the effect of their size and physicality allied to their vulnerability. You know that at any time a poacher's spray of bullets could remove this great beast from the face of the earth.

Anyone heading for the safari grounds of Africa or Asia this winter should invest £17.50 in a copy of *The Fate of the Elephant* by Douglas Chadwick (Viking). It takes you in close to the giants and makes you feel ashamed that their fate should be in doubt.

The strength of the book derives from Chadwick's travels. He starts in Siberia, at a mammoth graveyard (the earliest known human portrait was carved in mammoth ivory 26,000 years ago).

Then he visits east and central Africa. Then Japan and Hong Kong, where he investigates the ivory trade. One Japanese *netsuke* carver tells him that it would take 12 years to make the transition from carving ivory to carving wood or some other material, and then another two or three years to learn the characteristics of each type of wood.

Then India. Then Switzerland, for a meeting of Cites, the Convention on International Trade in Endangered Species. ("Wildlife is the second-most-lucrative illegal trade item in the world, exceeded only by drugs," he says). Then Thailand and Malaysia, and finally southern Africa.

Chadwick provides a great amount of elephant lore and information – most of it gained first-hand – and this can be depressing. For example, he says that in Tsavo national park, Kenya, he spent days looking for elephants and found mostly dead ones.

"I learned to locate them the same way scavenging lions find carcasses, by watching the sky for vultures. Once I found the first of a group, the stench would lead me to the rest of the family. Four bodies here, six there, another two across the gully, whitewashed with vulture droppings, putrefying under the sun until the flesh liquefied..."

Chadwick says that the ivory trade is not the greatest threat to the elephant. Its greatest peril is the explosive growth of the human population. Both *Loxodonta africana* and *Elephas maximus* are running out of living space among 5bn-plus humans, so where will they and their huge needs fit in as human numbers approach the 10bn to 12bn projected within 50 years?

The Fate of the Elephant is not all gloom. Chadwick explains how his travels made him grow to like wild elephants tremendously. He found them overwhelmingly sociable, expressive and emotional. Their size is pulverising yet they react to the smallest things – pausing to let a mongoose scurry by or cautiously circling a paper wrapper left by a tourist.

All the while, says Chadwick, he had a very strong sense of a mind behind each elephant's actions: a sense of information being processed in interesting and highly individual ways.

The fate of the elephant will be a close-run thing. "I want to believe," says Chadwick, "that we will ultimately save elephants and that we will do it because we acknowledge and accept their commonality with us."

With luck, says the author, man's moral progression will enable him to extend his sense of kin to other species. Chadwick wouldn't be surprised if elephants help show the way.

■ Train *Journeys of the World* (Automobile Association, £16.99) covers what it calls 30 of the world's most spectacular and famous rail routes. Photography and maps are excellent, and the commentaries strike a good balance between information and travelogue.

Journeys include the Marrakech Express to Casablanca and Fès; Japan's Bullet Train; the central railway of Peru; the Rhine valley (Cologne-Frankfurt); Austria (Bregenz-Vienna); the Glacier express through Switzerland; Spain's Andalusian express; southern India (Madras-Ootacamund); Bangkok-Singapore, and Cairo-Aswân.

BOOKS

My Book of The Year

Our reviewers choose the books they have enjoyed most published during 1993

Photograph of one Fra Angelico's frescoes in San Marco, Florence taken from William Hood's book published by Yale University Press (£45)

MY CHOICE IS Vikram Seth's novel A Suitable Boy (Orion £20.00) – all 1349 pages of it. Its people have remained with me vividly both as individuals and as part of that post-Independence Indian society of which the novel gives an amazingly complete picture. The story never loses sight of its beautiful young heroine Lata whose choice of a partner for life is its core; but it also deals brilliantly with many fascinating choices, personal, political, spiritual, made by the other members of its large cast of characters. The book is vastly long but never over-facing or boring. Here is a contemporary novel in which you can immerse yourself happily for weeks on end.

Anthony Curtis

■ FEW biographies wear well. One that just might is my book for 1993 – Harold J Laski: A Life on the Left by Isaac Kramnick and Berry Sheerman (Hamish Hamilton, £25.00). It is an exceptionally competent, *comprehensive*, *readable* work. A truly worthy centennial tribute. Laski has been dead 43 years, and is almost forgotten in the west. Not so in India. The Gandhi-Laski encounter in London 1931 described here gives a fresh insight into their characters. The authors write that, "There was a vacant chair at every cabinet meeting in India, reserved for the ghost of Prof Harold Laski". That ghost still turns up in Delhi when least expected.

K. Natwar-Singh

■ MINE MUST be Margaret Thatcher's The Downing Street Years (Harper Collins, £25.00). I found it compulsive reading, evangelistic yes, biased, not nearly as much as I had expected. She is generous about most of her colleagues, bears very little malice, if much pain. She is superb on the Falklands, splendid on Scargill and dreadfully right about Europe. Too starry perhaps about Gorbachev: and I shudder a little at her adulation of "Ron". Small blemishes on a magnificent career that bought a sinking Britain safe to shore. The book has longueurs and is not well constructed, but is head and shoulders above the waffling Macmillan or the verbose Wilson. What a fighting spirit, what a sad loss! Read it.

J.H. Plumb

■ MY BOOK this year is Dr Johnson & Mr Savage by Richard Holmes (Hodder & Stoughton £19.99). It has always been a puzzle why Johnson, in later life a domineering pillar of propriety, wrote in 1774 a curiously haunting life of Richard Savage, obscure poet, drunken debtor, reprieved murderer, self-deluded claimant of aristocratic parentage and regular biter of the hand that fed him. Holmes most percipient of literary biographers brilliantly analyses their short relationship in 1737-39. Savage alternated between grand salons and lowest Grub Street; the young Johnson fresh from the provinces fascinated by Savage's worldly charm, paced the night streets of London with him in endless talk. This, as Holmes says is the "story of a friendship" and the "biography of a biography" – in fact of the first English biography. It is based on profound research and is wonderfully readable.

Robert Blake

■ LIKE EVERY English-speaking Verdian I have been waiting a long time for Mary Jane Phillips-Matz to finish her biography of the composer. It has been in the works for decades, while the author – a tireless, indeed relentless investigator – has dazzled, sometimes infuriated fellow-scholars with her discoveries, making all of us re-examine not only beloved legends (like Verdi's self-invented rags-to-riches story) but also traditional attitudes. Spending months every year in Verdi's native area, the author knows every building in Busseto, every field Verdi owned. No parish archive, no village registry has escaped her scrutiny. At last her Verdi is here (Oxford, £30.00) A long story, it is as irresistible as the Po in full flood. Like all biographies, it contains conjecture, some of it bold, but most of it convincing; in any case, the detective-author fairly presents all her clues; the reader can judge for himself.

William Weaver

■ WHAT A delight to discover Ursule Molinaro's Fat Skeletons (Serif, £7.99), a witty, pungent, short novel that targets both the feminist and literary worlds. Having never read anything of Molarino previously, I see from the blurb that she is "a grand and eccentric old dame of letters" with a long list of translations and novels to her name. This may account for the certainty of touch and economy of words that make this story of a top woman translator working in New York city such an effective novel. I can only say that sparkling and amusing books in this genre are difficult to find. This one made me laugh uproariously. It is the perfect Christmas stocking-filler.

Zara Steiner

■ I FOUND great enjoyment in Madame Blavatsky's Baboon by Peter Washington (Secker, £20). It casts a splendidly cold eye on the bizarre collection of gurus who confected Theosophy, not least on Helena Petrovna Blavatsky* (she of the poached egg eyes and the burning glance), and on such cranks as Charles Leadbeater (ex Anglican curate and reluctant even to shake hands with a woman). The cast is gruesomely comic; the narrative – and its conclusions – fascinating. And, as a tale of financial adventure, but a true one, let me recommend Charles Gordon's The Cedar Story, (Sinclair Stevenson, £18.99) whose subtitle – *The Night the City was Saved* – rightly conveys the energy of Gordon's buccaneering narrative.

Clement Crisp

■ MY BEST book is Francis Haskell's History and its Images: Art and the Interpretation of the Past (Yale University Press, £29.95.) We take it for granted that art illumines the past. Yet Haskell shows it was not until the 18th century that historians became confident about using visual evidence. He explores scholars' views over three centuries of argument as to what art can reveal about the past. If an emperor's portrait makes him look evil, was he? Does art reveal a nation's moral health? Can art prophecy – did David's "Oath of the Horatii" foretell the French Revolution?

Haskell marshals hundreds of clever men and batty judgments, forgotten names and towering figures such as Gibbon, Michelet, Burckhardt, Ruskin. This is a long book written with vigour, wit, and clarity. Should you get sidetracked, on no account miss the final chapter on Johann Huizinga, author of the *Waning of the Middle Ages*.

Patricia Morison

■ HISTORY SEEN through personal experience may gain in vividness and passion what it loses in balance and breadth. Richard Lamb's War in Italy 1943-45: A Brutal Story (John Murray, £19.99), my choice, is an account of his two years fighting with the Royal Italian Army, while Italy starved and struggled between opposing armies and ideologies and armed factions of its own, disease and chaos increased and liberators often seemed like enemies. In telling his tale very much from the Italian point of view, Lamb is often idiosyncratic in judgment, but he deals with aspects of the total upheaval that may have been missed by more orthodox historians, and his love of Italy and Italians shines through the horrors he recalls with passionate, sometimes angry, regret.

Isabel Quigly

■ I WAS thrilled to come across Christians Morgenstern's Songs from the Gallows (Yale University Press £16.95) in a brilliant new translation by Walter Arndt. Morgenstern was a German nonsense poet whose upside down world and playful magic language resembled Lewis Carroll's. He began writing his fantastical gallows songs in the 1900s, after a happy outing passed Gallows Hill, near Potsdam. His characters include a watch that winds up and down by drinking glasses of Mocha and Scotch, a drivel-shrivelling machine and a menagerie of weird and melancholy chattering beasts. His metaphysical jokes and haunting images work well in English: the German original also appears alongside each translation. The volume is beautifully produced, and should win this great lyric/comic poet a wide new audience.

Jackie Wullschlager

■ AUDEN SAID that for writing well, Time would pardon even Paul Claudel. There is no denying a degree of political incorrectness in Alan Clark's Diaries (Weidenfeld & Nicolson, £20.00) but it would be a very blinkered spirit who could not enjoy them until time has drained all Clark's offensiveness away. Pleasure springs not just from every page but from virtually every sentence. There is of course, a lot of politics, including some wonderful stories. But this is not a book to be valued primarily for what is going on in Westminster and Whitehall. It is what was going on in Clark that counts. Like all good autobiographers, he relishes his faults no less than his virtues. His clear, un-self-justifying eye, his exposed heart and his exact prose provide a rivetting experience: comic, provocative and elegiac by turns.

Kit McMahon

■ LENIN'S TOMB by David Remnick (Random House, $25.00) came my way in the course of work, and I certainly did not expect it would fit that splendidly composite cliché, unputdownable. Remnick redeems a whole generation of reporters who provided phoney descriptions of the late, unlamented Soviet world. It was his – and our – good luck that he was in Moscow during the years when Gorbachev brought the whole edifice down. Evidently energetic and curious by nature, he gives you a sense of what it was like to experience this weird historic event. This is a real-life thriller written by someone unafraid to pass moral judgments – and all in graceful prose too.

David Pryce-Jones

■ I CHOOSE Christopher Hope's The Love Songs of Nathan J. Swirsky (Macmillan, £13.99), a small, wry, often wonderfully funny addition to the literature of childhood. In a way, this is *To Kill a Mockingbird* turned upside down: for these vignettes of suburban white Johannesburg in the 1950s add up to a pessimistic vision of the South African apartheid society taking shape at the time. Hope's writing shows here a new economy, a glancing lightness, which makes his hitting of comic targets all the more precise.

Max Loppert

■ AT LAST there is a UK edition of Raymond Carver's selected short stories, Where I'm Calling From (Harvill, £8.99) compiled by the American writer just before he died at 50 in 1988. Carver was the son of a saw-mill worker and a waitress; he worked as a porter, petrol pump attendant, deliveryman and dictionary salesman. Publishers ignored him until 1976. Each story is a sideways glance at life from a passing train; and Carver's melancholic wit and sad actualities are the best you will find outside Chekhov. These 37 pieces cover domestic, family and professional life, each wonderfully different but reassuringly similar. After reading them, as Carver says, "maybe our hearts or our intellects will have moved off the peg just a little from where they were before." But you have to be in rude psychic health: Carver offers no cheer to the unhappy.

Andrew St George

■ VED MEHTA'S delightful Up at Oxford (John Murray, £17.99), reminded me of my own days there in the late 1950s. The Indian English Literature student, with his unending supply of girls eager to read him poetry and novels, was already something of a legend. His book is generous, even reverential, treating the absurdities he encountered as lovable examples of English eccentricity. "What games do you intend to play?" asks the Master on their first meeting, "Cricket, rugby, tennis?" The frontispiece shows him playing croquet. Ved is blind.

William St Clair

■ A MAYOR who attacks picnickers in the Botanical Garden with a Stinger missile. Outraged citizens who tie him to four different cars and drive off in opposite directions. A schoolmaster who keeps the remains in his freezer until he can bury them piece by piece ... The book I enjoyed most this year was Elect Mr Robinson for a Better World (Heinemann, £9.99), a splendidly funny first novel by Donald Antrim. It's an absurdist satire on small-town America, in the finest traditions of Heller and Roth. It passed with barely a ripple when first published in England. But everyone who bothered to review it enjoyed it enormously. They could hardly have done otherwise.

Nicholas Best

■ ANYONE WITH a taste for spicy food and wild tales of the Mexican Revolution will enjoy Like Water for Hot Chocolate by Laura Esquivel (Doubleday £13.99/£6.99). The recipes are authentic ones from the turn of the century and full of mouth-watering detail, but do not expect to find the ingredients in your local supermarket. The linking love story is as exotic as the food, a kind of soap opera gone mad which leaves a strange, sad after-taste.

Alannah Hopkin

■ MANY GREAT religious paintings have been produced by profoundly unholy artists but for Fra Angelico, art was an expression of faith. That has not stopped most art historians form ducking the problem of what it means to be both friar and painter. William Hood in his exceptionally beautifully illustrated Fra Angelico at San Marco (Yale University Press, £45.00) look at the different kinds of decoration of the various zones of the monastery of San Marco in Florence as aids to devotion. He convinced me at least of beginning to see these works as a Dominican monk at the monastery might have seen them in the 15th century. It is rather like having surtitles that allow you to understand what is going on in the opera rather than simply enjoy a divine noise. The supple – at times poetic – monograph is a model of its kind.

Susan Moore

■ I HAVE been driving around the country a great deal this year and have been converted to the Audiobook, which is, apparently, a fast-rising medium. Nothing speeds a journey so happily. Consider, for example, the recently released set of Derek Jacobi's magnificent reading of The Iliad in Robert Fagles' wonderful new translation (Penguin Audiobooks, £19.99). To listen to these six cassettes (playing time about 9 hours – call it 600 to 700 Motorway miles) is revelatory: Homer brought to life. In less elevated mode, John Le Carré reads his own new novel, The Night Manager (Random House Audiobooks, four tapes, £11.99). Le Carré is a famous mimic and there is much fascination in hearing the accents and inflexions he gives his cast of warring Whitehall bureaucrats and City villains. It is almost better than the book, except that, as with so many of these tapes, it is "abridged". I would argue that abridgement is A Bad Thing, and recommend you ideally to try "Cover-to-Cover", a splendid firm that refuses to tolerate such commercial barbarity as cutting down the author's text.

J.D.F. Jones

■ I WAS struck by Anne Wallace's unusual choice of subject-matter and independent-minded approach in Walking, Literature and English Culture: The Origins and Uses of the Peripatetic in the Nineteenth Century (Oxford University Press, £30.00). Much of the book is concerned with the change in attitudes to walking that took place between the 1790s and the 1820s, as a result of a transport revolution that made it possible to see wandering round on foot as a matter of deliberate choice – rather than an activity confined to the poor, the raffish and the criminal. Wallace discusses not only writers such as Wordsworth, who explicitly link poetry to pedestrianism, but also some less obvious exponents of "the peripatetic", such as Jane Austen. The topic seems especially interesting now that walking is, perhaps, on the verge of being reclassified as eccentric or aberrant – as has long been the case in American suburbs.

Chloe Chard

■ I VOTE for the richly detailed bleakness of Penelope Lively's Cleopatra's Sister (Viking, £14.99), a journey through the problems of fate and choice for a couple who meet and fall in love when the passengers on an aircraft are kidnapped. This happens somewhere west of Egypt (where she set *Moon Tiger* – this new book develops from it) in Callimbia, a by-passed country where Berenice, sister of Cleopatra, once reigned. How different history could have been if Antony had turned to visit her instead. Lively tells a sharp story, making life's improbabilities painfully vivid. I liked her understanding of the compulsion of the fossils that drives the palaeontologist hero; her sense of the nightmares of travel in much of the world (not that they deter travellers); and the fragile truth of her indecisive ending.

Gerald Cadogan

■ I thought that Alan Clark's Diaries were snobbish, self-indulgent and not written from the inside. On another hand, so many other people seem to have enjoyed them that they are clearly a candidate for book of the year. They are also more readable than the other political memoirs published as the year went on. Clark can write.

I admired John Campbell's biography of Sir Edward Heath and Philip Ziegler's of Lord Wilson, but would recommend neither for holiday reading except to the most earnest. The first 100 pages or so of Sir Peregrine Worsthorne's Tricks of Memory are wonderful – skip the rest.

It was also good to see a biography of William Archer, the man who brought Ibsen to the English stage. New translations of Ibsen are less stilted than anything that Archer produced, but at least Archer saw the talent. The biography is by Peter Whitebrook and published by Methuen.

Malcolm Rutherford

The FT Children's Book of the Month/**Michael Glover**

Tempt the young to turn to the bible

"MY MOTHER forced me, by steady daily toil, to learn long *chapters of the Bible by heart*; as well as to read its every syllable through, aloud, hard names and all, from Genesis to the Acopalyse, about once a year; and to that discipline – patient, accurate, and resolute – I owe, not only a knowledge of the book, which I find occasionally serviceable, but much of my general power of taking pains, and the best part of my taste in literature." Thus wrote John Ruskin in 1885 of his strenuous childhood in the 1820s.

A century after Ruskin's death, when many people have *little faith or none, it is* difficult to know how to introduce this rich and complicated inheritance to children. Should it be through one of the traditional translations or through the collections of easier Bible stories? What *is* the Bible to our generation – and what should it be to the next?

Should the Bible be considered mainly as a literary and cultural inheritance – as a means to understanding the west's painting, poetry, literature and music? Or should Bible study be considered as a way of teaching morality – using the teachings of Christ to show young people how to behave?

The Bible must continue to serve as a living guide to right conduct, runs this argument. The raciest Bible to be published this autumn, Nelson Word's *Youth Bible* (£9.99), with such words as "justice ... fear ... love ... depression ... faith ... sex" blazoned across its jazzy cover, promises *to reveal to* "a new generation that the Bible is the best guidebook by which to live your life." Although this approach is often linked with Evangelical Christianity, even humanists would regard Christ as a great moral example.

Of this autumn's selection of bibles and part bibles, the *Youth Bible* (conceived for young adults) is the least attractive: "accessible", "relevant", moralistic, evangelically brow-beating, it is so buttressed about by useful signposts, "frameworks for understanding", "goals" to tempt uninterested teenagers onto the path to truth, that the complications and inconsistencies of the book is entirely lost sight of.

Martin Waddell's *Stories from the Bible* (Frances Lincoln, £9.95), which consists of re-tellings of a number of the best known stories from the Old Testament for children of five and above is beautifully simple and clear, but the language is often too bright *and feisty for the subject* matter. In the beginning, we are told: "God said: 'Let there be light!' and there was. It was great." And: "The next day God made Heaven and Earth, doing the big bits first." Thus, in one swift stroke, children are caused to lose all sense of gravity and duty. Waddell's account stops inexplicably at Jonah.

The best of the crop is undoubtedly *The Kingfisher Children's Bible* (by Ann Pilling, £12.99) which both selectively encompasses the Bible from beginning to end, and mingles a modern re-telling in a language that manages to retain some sense of the majestic cadences of the King James Bible, with quotations from that translation and others. And, in spite of the fact that it is a book of biblical "highlights", each small, individual chapter is prefaced by a specific reference back to the Bible itself, book and chapter, so that children thirsty for more can easily consult the original source.

It therefore achieves what a good modern bible for children needs to achieve if it is to serve the present generation: a harmonising of past with present so that children understand that *language, stories and moral* truths are hard won and long savoured. A language that leans too heavily upon this month's idioms will surely be dead by Christmas.

Profit from choice

THIS has certainly been a year when the record industry has made the news, though not always for the recordings it was producing. It seems record company managers spend most of their time in court or even – for a few memorable sessions – in the House of Commons Committee rooms.

The most most memorable image of 1993 was Gerald Kaufmann and the industry Chairman at loggerheads across the table, each doing his best to shout down the other on the question of CD prices. Meanwhile, a European court delivered judgment in a test case regarding bootleg recordings of Elton John; and, in London, George Michael is still in court trying to extricate himself from his contract with his record company, Sony.

On the question of pricing, the industry argument has always been that the profit on successful CDs funds risk-taking elsewhere. I do not know whether that is the logic behind the flood of new classical recordings that continues to pour on to the market-place, but it is difficult to keep up with the quantity and range of CDs being offered to consumers.

Gerald Kaufmann and David Mellor are on opposite sides of the CD pricing debate, but it became clear in the reporting of the House of Commons enquiry that both have a partiality to the recordings of the middle-sized British company, Hyperion. I share that enthusiasm and particularly admire the company's growing number of imaginative song records. The CD of Margaret Price singing with grand and mature beauty in Schumann (CDA 66596) may not be to all tastes, but it is very special and definitely to mine.

Probably the most newsworthy event in artistic terms has been the launch of Decca's series entitled "Entartete Musik". This is devoted to music destroyed or banned by dictatorial political regimes and its first two issues were of operas from Nazi Germany – Krenek's *Jonny spielt auf* and Korngold's *Der Wunder der Heliane*. Both are admirably well performed and recorded. The Krenek (436 631-2) is the more original opera, a strange blend of art at its most popular and its most dense: the Korngold (436 636-2), an old-fashioned romantic spectacular, is the safer bet.

For an example of the technical art of recording at its most advanced the best choice is Debussy's *Le Martyre de Saint Sébastien* (Sony SK 48240), a mystical orchestral pageant with speech and song. The sound quality transports the listener away to an other-worldly ambience, in which Debussy's music sounds even more ravishing than usual. Michael Tilson Thomas conducts the London Symphony Orchestra and exemplary vocal soloists.

Another London orchestra – the Royal Philharmonic under Vladimir Ashkenazy – gave an excellent account of itself in a CD of Walton's two symphonies (Decca 433 703-2). The performance of the First might have kept the symphony more single-mindedly on the path to its Hollywood-like final curtain; but the Second is beautifully done, lyrical, sensuous, glowing with Mediterranean colours, another splendid recording.

***Richard Fairman** finds it difficult to keep up with the quantity and range of classical music on offer*

In the year of the Maastricht showdown I cannot resist the temptation of selecting Elgar's often memorable early cantata *Caractacus*. The new recording by the LSO under Richard Hickox (Chandos CHAN 9156/7) has many strengths and the work's unashamedly patriotic text has taken on a delightful topicality. The final chorus could be the Eurosceptics' rallying-cry: "On though the world desert you, on so your cause be right; Britons alert! and fear not".

To move further afield, the opening-up of contacts in Russia continues to bring the country's cultural glories to a wider audience. An agreement between Philips and the Kirov Opera of St. Petersburg is well into its stride and has scored its most notable success so far with a highly recommendable version of Tchaikovsky's *The Queen of Spades* (438 141-2). The cast features leading lights from the new generation of Russian singers, who have been causing such a stir in opera-houses worldwide.

Unfortunately, we said farewell this year to one of the most eminent of post-war singers: Boris Christoff, who died in June. His art was far from exhaustively documented on record, but the recordings that we do have capture his larger-than-life personality as vividly as could be. EMI's reissue of the 1955 set of Verdi's *Don Carlos* (CMS 7 64642-2) in which he sings an unforgettable King Philip proved well-timed.

Finally, an absolute winner. It almost seems a cliché to include a CD which has already won the *Gramophone* "Record of the Year" award, but Anne Sofie von Otter's recital of Grieg songs (DG 437 521-2) cannot be neglected. This is marvellously spontaneous singing, which raises the stature of Grieg's songs to an altogether higher level: a splendid tribute to the composer in his 150th anniversary year.

Sophie von Otter: her Grieg song recital is an absolute winner

Tuned in to jazz

WHAT pocketsize selection of discs from 1993 would I recommend to represent favourite moods evoked during the 12 months? Assume it is an overcoat which can accommodate a dozen and start with Jan Garbarek's *Twelve Moons* (ECM 519 500-2). This is the best of the Norwegian saxophonist's bands, the regular electro-bass and twinkling synth augmented by Marilyn Mazur's *agitato* percussion and the icily serene blasts of traditional singing. The music is alternately earnest and thrilling, always magnificent, but requiring the listener to keep the collar turned up for warmth. There ought to be a Norwegian proverb to describe Garbarek's music along the lines of "cold notes, warm heart".

As a means of thawing out, choose Don Pullen's African-Brazilian Connection and *Ode To Life* (Blue Note 0777 7 8923329). In this tribute to longtime partner George Adams, the pianist's attacking runs are made into the cushioning sounds and syncopation of Senegal and Sao Paulo. Intelligent and at the same time devil-may-care in his percussive construction, the Pullen mixture of piquancy and poignancy is richly concentrated here.

Randy Weston leads a big band which includes new boy Wallace Roney and Talib Kibwe opposite old hands Hamiett Blueitt and Teddy Edwards in *Volcano Blues* (Verve 519 269-2), a similarly spicy concoction. One of the first exponents of so-called world music, the gangling pianist's precipitous style is harnessed by arranger Melba Liston for some openly creaking, blue washed charts of big hearted pleasure.

But if the loose-boned relaxation of Pullen and Weston proves too much of a good thing then guitarist Joe Pass has produced a typically taut mainstream delight in *My Song* (Telarc 83326), which sees him swinging precisely through standards in a quintet reinvented after so many year's absence. More often heard solo (but sounding like a duo) these days, the addition of rhythm guitar and piano to Pass's clean and melodic lines gives new dimensions to the swinging virtuoso.

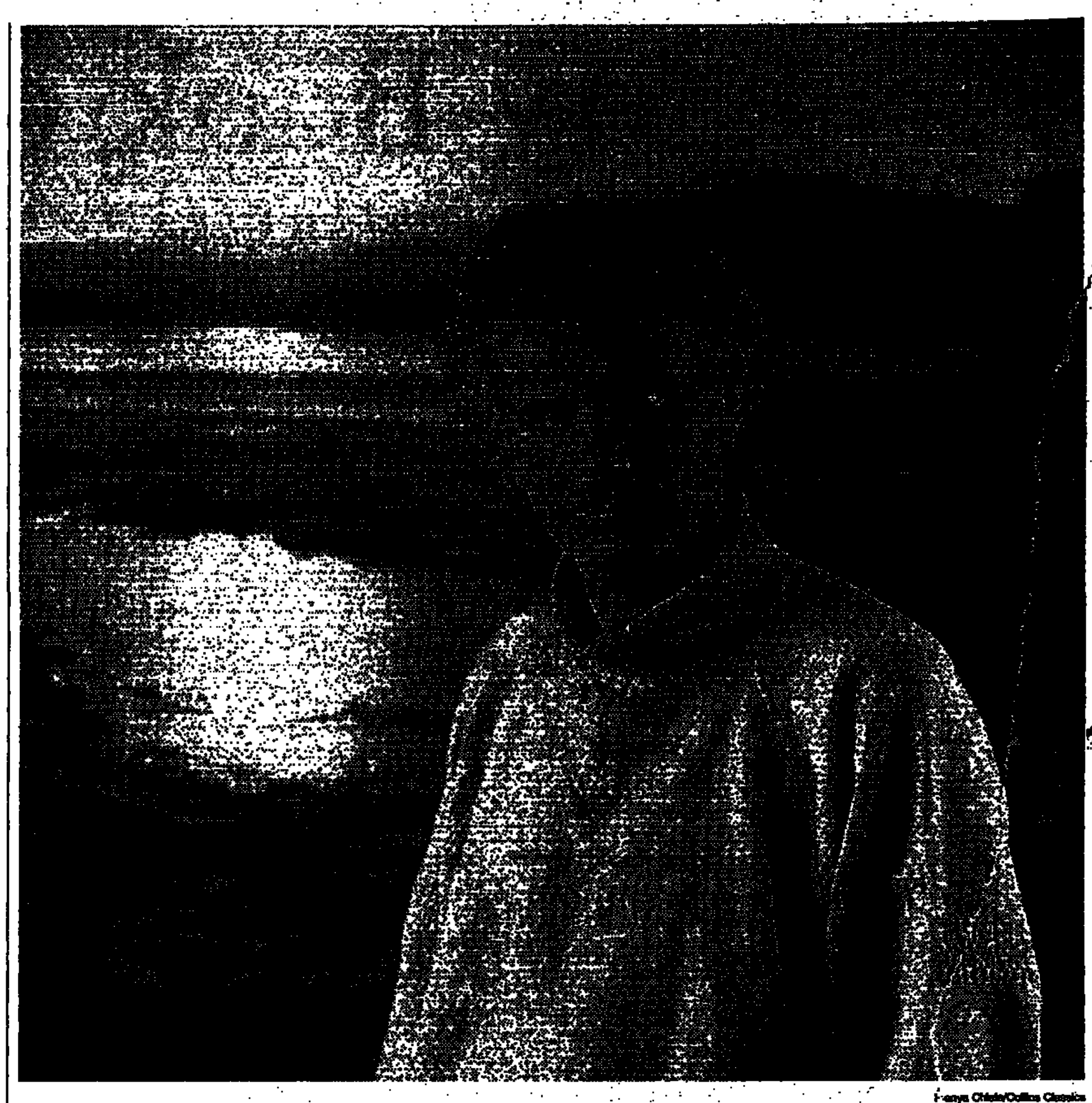
You need to have a high and wild big band in the pack of course and end of millennium madness dictates that it be led by young English eccentric Django Bates, who almost the reincarnates Loose Tubes with his "Delightful Precpice". In several sides of inspired and hugely musical lunacy *Summer Fruits (and unrest)* (JMT 514 008-2)) manages to combine Charles Mingus with Spike Jones to spectacular and breathtakingly cheeky effect.

Some muscle should be given to the collection and that means *bad* bass driven funk: Marcus Miller obliged in 1993 with *The Sun Don't Lie* (FDM 36560-2). The sonorous and often foundation shaking bass guitar of Miller leads jazz funk/rock statesmen such as David Sanborn, Wayne Shorter and Omar Hakim through his own dark compositions. The inventor of the genre, Miles Davis even pops in, posthumously.

And a favourite newcomer for 1993? British tenor saxophonist Theo Travis made his debut with an authentically intoxicating early hours set, *2 a.m.* (33JAZZ01 1). Fluid and fluent in technique, Travis also writes a good tune.

A prodigious number of reissues were mined from the back catalogues this year, like last. Polygram and EMI Records have the richest seam with the Verve and Blue Note labels respectively. My own favourites were a Stan Getz retrospective *The Best of the Verve Years Vol 2* (Verve 517330-2) and *The Rodgers & Hart Songbook* (Verve 516 158-2). The latter matches the great jazz singers (Vaughan, Fitzgerald, Holiday, Simone) with great American songs such as "Little Girl Blue", "You Took Advantage Of Me". Blue Note favourites included, among many, *The Best of Grant Green* (Blue Note 0777 7 8962229) which, in this almost "acid" setting exposes the late Green as a greatly underrated talent. The combination of Nancy Wilson's lean and expressive vocal tones alongside Cannonball Adderley's alto sax in the 1961 sessions from the same stable (Capitol Jazz 07777 81204 2 I) is sublime.

Garry Booth



Peter Maxwell Davies, who conducts his own 'Worldes Blis' with the RPO

Tanya Chiele/Collins Classics

In praise of modern epics

***David Murray** admires recordings of Maxwell Davies and Birtwistle*

FINE individual performances come and go on records, whilst the music itself continues its serene existence in a timeless realm. But modern recording makes not only unique performances available to far-flung audiences, but new music itself, which in the old days you could discover only by being a good score-reader or travelling far. Two records this year offer landmark-works by British composers to the wider audience.

On Collins 13902, Sir Peter Maxwell Davies conducts his own *Worldes Blis* with the Royal Philharmonic. Famously, its 1969 Prom audience loathed it and stalked out in droves; now it sounds – in its tortuous, Mahlerian way – like molten inspiration, squeezed out under extraordinary pressure. The CD includes two more recent Davies works, both appealing: the lucid ground-pieces for *The Turn of the Tide*, designed for expansion by school groups, and his grave, whimsical "in memoriam" pavane for Sir Charles Groves.

On Collins 13872 Elgar Howarth conducts the Philharmonia in both Harrison Birtwistle's grand, rhetorical Prom success of 1972, *The Triumph of Time*, and a grand orchestral suite, *Gawain's Journey* – well, more than a suite, but not quite a symphony – from his resplendent 1991 opera *Gawain*. It is not a musical reprise of the stage action, for it chops forward and back through the score; but every "late" Birtwistle score has its own fierce consistency, and this re-ordered set of *Gawain* parts never sounds like a patchwork. On the contrary, the epic musical events suggest their own wordless, towering scenario. And anyhow, the disc gives intrepid listeners the chance to get deep into some magnificent new music – parts of which may be trimmed away from the lengthy opera when Covent Garden revives it.

Sing it again . . .

THE essential folk re-issue of the year is Hanibal's three CD set devoted to the career of Richard Thompson, *Watching the Dark* (HNCD 5303). A wonderful mix of the rare and the well known from the 1960s and his days with Fairport Convention to the 1990s and his solo recordings *The Dark* confirms Thompson's stature as an enthralling guitarist and singer and writer of bitter love songs in which pain is forever uppermost. He is, with Elvis Costello, Britain's greatest describer of despair.

Also superb is the first eponymous album of Kate & Anna McGarrigle (Hannibal HNCD 4401). On it they cleverly unite the folk and singer-songwriter traditions by yoking together the concerns of singer-songwriterdom – personal confession, intimacy – with the instruments of folk, rather than rock. The result, which includes their own version of the hit they wrote for Linda Ronstadt, "Heart Like A Wheel" and the oft-recorded "Talk To Me Of Mendocino", is one of the best unknown albums of the 1970s.

For historians the set of the year was *British Pop Before the Beatles* (EMI 789220-226). There was pop music in Britain before the 1960s but it was a very strange phenomenon. The values of light entertainment held sway and, for the most part, Rock'N'Roll spoke with a decidedly polite growl. Collectively the seven CD set tells the story of how an American music was tentatively transplanted to the UK and, against all expectations took root.

This sense of everything happening at one remove, of intense experiences being filtered through the due decorum of being British, is the prevailing mood of the early volumes. Even when teenagers take over from the first British middle-aged celebrants of Rock'N'Roll, they are just as repressed. Real delight does not figure until volume 3 and 1958 with Cliff Richard's "Move It". Similarly pain, the other central teenage emotion, does not occur until volume 4 and Billy's Fury's brooding, haunted "Maybe Tomorrow". In their place, good taste and condescension to things American reign.

But that certainly does not mean that the recordings are boring. If one is interested in the complex process that attended the rise of pop (teenage oriented) music at the expense of popular music this set is essential listening. For example, listening to the CDs two small but significant observations comes to mind: the long time it took for UK session guitarists to lose their dance band habits and play the guitar with attack rather than restraint (compare the Bert Weedon's "clever" version of "Apache" here with the Shadows' recording).

Equally notable is the complete absence of the manic excitement of so much American Rock'N'Roll. The outrage of something like "Riot in Cell Block No 9" is smothered by embarrassment in the British cover version. The set also explains why the Beatles and their fellow beat groups took root so quickly: their forebears had prepared the ground before them but not sown the seed.

On the soul front the great re-issue is the two CD set, The *Best Of Solomon Burke* (Rhino/Atlantic 8122-70284-3) which collects together the best of Burke's ever so church derived messages. Not for nothing did Burke dub himself the king of rock and soul. His impassioned soul pleadings – "The Price", "Just Out Of Reach", "Everybody Needs somebody to Love", etc. – justifies that title.

Phil Hardy

Opera and other gems

SEVERAL new and reissued opera recordings dominated my listening year. *Gloriana*, last of Benjamin Britten's operas to reach the recording studio, gets an exhilarating, thoroughly committed performance from Welsh National Opera forces under Charles Mackerras: the superb Elizabeth I of Josephine Barstow and Essex of Philip Langridge lead a first-rate cast. The work itself is not free of dramatic imbalance, flummery and rhubarb; but its richness of musical content and astute approach to foreground personal conflict render the flaws of small account (Argo 440 213-2).

Two 1993 sets of more familiar works – Rossini's *Cenerentola* and Tchaikovsky's *Queen of Spades* – seem to me already the most completely recommendable modern versions. The former, in Decca's sparkling Bologna-based edition conducted by Riccardo Chailly, has an all-Italian cast (rare in modern Rossini), lively but unforced character (rarer still), and the glowing, tender-hearted heroine of young Cecilia Bartoli, already a mezzo in a million (Decca 436 902-2). The latter, in the third issue of Philip's Kirov Opera series, is magnificently conducted by Valery Gergiev and well sung by Gegam Grigorian, Maria Guleghina, Vladimir Chernov and Irina Arkhipova; it adds up to a whole, and wholly commanding, view of the terrifying masterpiece (Philips 438 141-2).

Off the main operatic route is the Opéra de Lyon double-bill of German-language one-acters by the Tuscan-born Ferruccio Busoni – *Arlecchino*, stylised *commedia dell'arte*, and the "other" *Turandot*, both from the second decade of our century. If Verdi's *Falstaff* were infused with bittersweet Weill, then stiffened with tough-minded Hindemith, something like these two collector's items might result. Mixed bag of singers excellently conducted by Kent Nagano (Virgin Classics VCD 7 59313 2).

Even more rewarding, to my mind, is Martinu's 1938 *Julietta*, a mysterious, romantic, deeply affecting exercise in operatic surrealism. The 1964 Prague National Theatre recording, now finely transferred to CD, merits its cult following (Supraphon 10 8176-2). Another reissue that deserves equal cult enthusiasm is the Paris (tenor) version of Gluck's *Orpheus* in the 1956 recording conducted by Hans Rosbaud, distinguished above all by the Apollonian nobility of Léopold Simoneau's exquisitely-voiced hero (Philips 434 784-2).

I took endless pleasure from the reissues of two great violinists of eras past. Fritz Kreisler, in a double-album of Victor recordings from the 1920s, carefully restored on the specialist Biddulph label (LAB 068-69), and also in a single disc of more general compilation (EMI References, CDH 7 64701 2), is the first – gloriously subtle, sensuous, charming, a musician without peer in alchemising his (often trivial) material. Leonid Kogan, whose 1959 performances of four popular concertos come in a handy EMI double-pack (7 67732 2), is the second – perhaps not the most trumpeted of the leading post-war Soviet players, surely the most "inward" of that elite, most refined, most poetic.

***Max Loppert** begins and ends with a mezzo in a million*

Among new symphony readings worth special attention are Frans Brüggen's Haydn 100 and 104 (Philips 434 096-2) and Schubert Great C major (Philips 438 006-2), both with Brüggen's Orchestra of the 18th Century and both bursting with spring-heeled new life; naturally shaped, spontaneously musical accounts of Mendelssohn's Scottish and Italian from the San Francisco Symphony under Herbert Blomstedt (Decca 433 811-2); and a simply sensational one of Prokofiev's Third – the riotous, swirling, irresistible symphonic re-thinking of the opera *The Fiery Angel* – from the Philadelphia Orchestra under Riccardo Muti (Philips 432 992-2).

Stravinsky's two-piano (or four-hand) music, including the "black-and-white" version of *The Rite of Spring*, is put across with dazzling zest by Vladimir Askenazy and Andrey Gavrilov (Decca 433 82902). Esa-Pekka Salonen's Stravinsky series for Sony gains new lustre from its latest addition – a beautifully keen, purposeful reappraisal of *Orpheus*, most unjustly neglected of the neo-Classical ballets, coupled with an equally keen but slightly over-assertive *Petrushka* (SK 53 274). The Virgin Classics disc devoted to the music of Oliver Knussen, including the *Songs without Voices* and *Hums and Songs of Winnie-the-Pooh*, is modern music at once toughly made and captivating to the ear, small in scale but not in ambition (VC 7 59308 2).

A handful of vocal gems to end. Michael Chance, the most appealing countertenor voice of our day, offers with Christopher Wilson a programme of Lute Songs touched by grace, sensitivity and eloquent understatement (Chandos CHAN 0538). DG's two-disc reissue (437 348-2) of Lieder by the unforgotten, still-lamented Irmgard Seefried delights, stirs and uplifts in the sound of every robustly communicative word and note (and this even when the voice itself was caught in less than perfect estate). And finally, back to Cecilia Bartoli, partnered by the pianist András Schiff, for a programme of Italian songs by Beethoven, Mozart, Haydn and Schubert that gave me greater and more continuous joy than any other record released this year (Decca 440 297-2).

WHAT TO SEE AT CHRISTMAS

Oh, yes it is! – it's panto time again

Brush up your hisses and boos, says ***Antony Thorncroft***

BRUSH UP your hisses; perfect your boos, panto time is almost upon us. Obituaries for pantomime can be delayed for yet another Christmas. This is one British institution that seems to survive the myriad changes in the entertainment industry, probably because adults imagine the perfect panto of their childhood and drag along their kids to perpetuate a folk myth.

Of course panto has changed, but it was changing in late Victorian times when music hall stars started to assume Dick Whittington's tights and the Ugly Sisters' false bosoms. Thirty years ago pop stars and television personalities began to stretch their talents in panto, often to breaking point.

Now it is sports heroes. Gareth Chilcott, the rugby player, has switched from propping up England to roughing up Cinderella as the Broker's man at the Mayflower, Southampton. This production also marks the panto debut of Gloria Hunniford, one of nature's Fairy Godmothers. At the Theatre Royal, Bath, Ian Botham will be whiling away his retirement in *Dick Whittington* and Annabel Croft is serving it up in *Cinderella* at the Grand Opera House, York.

All these productions come courtesy of Paul Elliott, who is supplying pantos to 20 theatres this Christmas. Out from the warehouse come the same old sets, the costumes, and, too often, the scripts, but since familiarity is one of the joys of the genre this is not too disturbing. Each year there is a brand new production, costing £250,000, which over time will traverse the nation. It always starts at the Theatre Royal, Plymouth, and this year it is a new *Jack & the Beanstalk*.

Like many pantos, one of its attractions is the oddball collection of stars tempted to disrupt their Christmas for two shows daily. This *Jack* embraces Rolf Harris, Bonnie Langford, and Dame Hilda Brackett. Another quaint trio takes the stage in the Birmingham Hippodrome's *Dick Whittington* – the sexually voracious Lesley Joseph from TV's *Birds of a Feather*, the winsome Rosemarie Ford from *Come Dancing*, and the leaping Wayne Sleep, while the dressers for *Aladdin* at the New Victoria, Woking, will have to cope with the costumes of both Danny La Rue and Britt Ekland.

Advance bookings around the country are substantially higher so far this year – except in central London. Once again the West End is a panto free zone, mainly because the natural venue, the Palladium, is still host to *Joseph*. But Londoners should be well served at Richmond, which always mounts a lavish, traditional, production. This Christmas veterans Kate O'Mara and Bernard Cribbens are headliners in *Dick Whittington*. A mile or so away Wimbledon gets a northern invasion from Little & Large in *Jack & the Beanstalk* while Bromley is fielding Ronnie Corbett in *Cinderella*, and Lewisham catches the full blast of the latest television trend with Saracen and Scorpio from *Gladiators*.

Pantomime has survived because it absorbs these fads of popular culture. It even looks abroad. Marion Ramsey, a stalwart of the Hollywood *Police Academy* movie series, finds herself in *Cinderella* in Hayes, which must come as a double shock to her system. But while embracing the new, panto also finds work for the old, and many stars whose salad days are long over enjoy a seasonal re-birth. So there is Vince Hill in Birmingham, Charlie Cairoli in Newcastle, and both Gerald Harper and the veteran Dame Jack Tripp in *Babes in the Wood* at the Bournemouth Pavilion.

And there are the stars who shine brightest at Christmas, notably Ken Dodd, still enmeshed in Diddy Men (and Susan Maughan) at the Manchester Palace's *Dick Whittington*, and John Inman, a permanent Dame, in *Mother Goose* at the Theatre Royal, Nottingham. Bournemouth also fields Roy Hudd, who is thoroughly steeped in pantomine history, so steeped in fact that he combines appearing in Bournemouth with writing and directing the Watford panto.

Some other artistes are equally elastic. Bobby Davro actually manages to wow them in *Goldilocks* at both Newcastle and Leeds. The secret is that old show biz one, timing. The panto season does not reach Leeds until February when the Theatre Royal, Newcastle, production arrives at the Grand.

Of course there are theatres that try and ring the changes by offering seasonal alternatives. Among the more interesting are the Birmingham Rep's adaptation of the Raymond Briggs's modern classic, *The Snowman*; a speedy revival at the Albery of Roald Dahl's *Big Friendly Giant*; and the appearance of a *Victorian Christmas Circus* in the renovated Great Hall at Blackheath Concert Halls.

But mainly it is panto as usual, which these days means pantos sponsored by Cadbury's. Over 40 of this season's pantomimes are backed by the confectionery firm which should ensure that the front stalls are battered by sweeties.

Dame Hilda Brackett in this year's new production, 'Jack and the Beanstalk' at Plymouth. Its oddball collection of stars includes Rolf Harris and Bonnie Langford, but unlike some pantos there are no sports heroes

More than Messiahs

OPERATIC fare in London this festive season promises to be unusually rich, various and interestingly contrasted. This has less to do with what is on offer at the two opera houses, more with the crop of rewarding operas-in-concert that are planned to spring up in December. The biggest venture is that of the London Symphony Orchestra in its Barbican Hall home: a long-awaited concert mounting of Berlioz's magnificent epic, *Les Troyens* (its two parts done thrice on consecutive days – December 2 and 3, 4 and 5, 8 and 9 – and then on the afternoon and evening of December 12). Colin Davis, mighty London champion of this work for three-and-a-half decades, leads a fascinating international cast headed by Vladimir Bogachov (Aeneas), Luciana D'Intino (Dido) and Jane Henschel (Cassandra).

Even rarer is the single-evening (December 6) concert performance of Tchaikovsky's late, lovely one-acter, *Iolanta*, at the Albert Hall. This launches a proposed long-term collaboration between the Royal Philharmonic Orchestra and the Kirov Opera, here represented by the St Petersburg chief conductor Valery Gergiev and a team of leading Kirov singers, including soprano Galina Gorchakova, tenor Gegam Grigorian, baritone Sergey Leiferkus.

At the Queen Elizabeth Hall on December 8 and 11 there is Monteverdi's *Coronation of Poppaea* in concert, with John Eliot Gardiner leading his trusty "period" performing cohorts and a superb cast – Sylvia McNair, Anne Sofie von Otter, Michael Chance, Bernarda Fink, Kenneth Cox. This is the most important but not the only QEH novelty: also on its December schedule are the single visit (December 18) of Music Theatre Wales with its new staging of Philip Glass's Poe opera, *The Fall of the House of Usher*, and, after Christmas, the short (27-31) run of Music Theatre London's *Così fan tutte*, latest of the company's irreverently witty Mozart updatings.

In the "legit" London opera houses, the art-form would appear to be wearing a livelier festive-season aspect at the Coliseum than at Covent Garden, where the play-safe repertory is made up of the new *Magic Flute* and the very old (1964) *Tosca*, with Anna Tomowa-Sintow latest in the long line of heroines stepping into the Empire dress originally created for Callas. English National Opera's choice offering (from December 20), sure to provide bliss for lovers of Czech opera and unexpected delight for others, is a new production of Smetana's buoyantly tuneful romantic comedy *The Two Widows*; David Pountney directs, Adam Fischer conducts, Marie McLaughlin, Anne-Marie Owens and Arthur Davies take principal roles.

For the rest, the ENO runs in repertory its new *Lohengrin* and recent *Figaro* revival, plus the return (from December 3) of Richard Jones's 1991 production of *Die Fledermaus*, a technologically elaborate piece of modernist fantasy, occasionally mildly diverting.

Outside London the biggest attractions are provided by Welsh National Opera, which tours its new Massenet *Cendrillon* and superb *Falstaff* in Oxford, Bristol and then back to Cardiff; and Opera North, which in Leeds on December 18 unveils another of the year's most eagerly-awaited events: the company's first-ever staging (by Phyllida Lloyd) of Britten's *Gloriana*, with the great Josephine Barstow as Elizabeth I.

Other than what is already noted above, the London concert scene contains its familiar more-than-fair share of carol concerts, *Messiah* outings and Grand Opera Galas. But worth keeping in mind are the exceptions to that rule: the single London concert (Festival Hall, December 4) by the Boston Symphony Orchestra under Seiji Ozawa, at the start of its latest European tour and billing an imaginative all-Berlioz programme; the last instalment (December 3) of the Barbican's current tribute to Olivier Messiaen; attractive Wigmore Hall recitals by the sopranos Elizabeth Connell (December 8) and Sumi Jo (December 14); and the annual occupation of St John's, Smith Square by the now-inappropriately-named choral group The Sixteen for a bunch of pre-Christmas concerts.

Max Loppert

A mixed bag of Nutcrackers

Clement Crisp *finds this ballet the Yuletide favourite again*

IF YOUR first balletic concern at Yuletide is a treat for the tots, then this probably means *The Nutcracker*, though there are alternatives, as I shall reveal hereafter.

Without thought for your purse, the best *Nutcracker* available is Sir Peter Wright's version for the Royal Ballet at Covent Garden, on view intermittently from December 17 until January 5 (please check Opera House schedules). The choreography is authentic and good; Julia Trevelyan Oman's first act designs are especially attractive and magical. You can judge the success of a *Nutcracker* by the Ahs and Oohs (yours as well as your infant charge's) which greet the moment when the Christmas Tree grows to vast size. In this staging the magic is triumphant, and the battle with the mice the best you can see anywhere. Unhesitatingly recommended. (*En passant*, let me note that if you are in New York, Balanchine's *Nutcracker* is on view at the State Theater on Lincoln Center at the year's end, and is superb).

The other London *Nutcracker* is shown by English National Ballet in a marathon at the Royal Festival Hall, in constant performance for five – dear Heaven, have pity on the dancers! – weeks from December 22 until January 22. Lots of matinees. (Check schedules for times). Ben Stevenson's staging is a suspect combination of slapstick and winsomeness, but that is what the young enjoy, albeit the violence so necessary to the infant imagination is chiefly committed by Stevenson's dreary choreography against the ravishing score. Interesting new casts.

The Royal Ballet is not guiltless this year: its other seasonal offering is the rampant infantilism of *Tales of Beatrix Potter*. Since I thought this the most foolish thing the company had done in years – Ashton made the choreography expressly for the cinema – I can only record that there are all those cute animals teetering about the stage in a frenzy of charm. The young may rejoice – though 70 minutes is quite a span of sitting still for the teenies, for whom there are special early matinees (December 21, 22, 29, January 8: check starting times) which offer this piece on its own at somewhat reduced prices. Ballet-lovers may find it as repellant as I did: regular performances pair it with Balanchine's glorious *Ballet Imperial* – which is more like shock therapy than programme building.

Birmingham Royal Ballet also offers *Nutcracker*, in Peter Wright's other version, with happy narrative, wonderful design (by John Macfarlane) and Drosselmeyer as a conjuror. It is great fun, and on show at the Birmingham Hippodrome from December 3 until December 18.

For anyone in Paris, the Opera Ballet at the Palais Garnier will reveal its new acquisition – John Neumeier's *Nutcracker* from December 17 until December 31 (no performances on December 19 or 25). I thought it an odd staging when I saw it with Makarova in Hamburg nearly 20 years ago, but it is full of dancing, and the Opera's artists are superlatively good.

Meanwhile, at Sadler's Wells Theatre the Christmas treats are varied. Adventures in Motion Pictures, a jolly modern-dance troupe, plays Matthew Bourne's up-dating of the *Nutcracker* between December 8 and 18. It starts in an orphanage terrorised by dear old Dr. Dross, and moves from there to all sorts of jokes and modish fun. I enjoyed it at its Edinburgh Festival debut last year. Then, from December 21 until January 8, the Black Light Theatre of Prague proposes a version of *Peter Pan*. I know nothing of the staging, but the company specialises in magical illusions, and promises "a musical adaptation". Check with Sadler's Wells for timing details of both these performances.

Peter Pan is also on offer with Scottish Ballet, which is presenting Graham Lustig's balletic version at Glasgow's Theatre Royal between December 9 and December 24. The bairns will probably be less concerned than I was, at the ballet's premiere, about the merits of the staging. Northern Ballet Theatre, on tour, proposes its engaging *Christmas Carol* for the week of December 7 in Hull: good Dickensian fun. Thereafter Blackpool (for the week of December 14) and Halifax (for the week of December 28) can see the company's recent *Cinderella*, for which I have no time.

And, if a theatre visit is not possible for the young, there are good dance videos which will delight the dance-mad. But seek out the great names: some recent issues immortalise the modish and the frankly inept. The old Royal Ballet *Swan Lake* with Makarova and Dowell; Semenyaka and Mukhamedov in *Raymonda*; Kolpakova and the Kirov in *Sleeping Beauty*, the Kirov *Corsaire*, are all delights. And, perish the thought, there is even *Tales of Beatrix Potter* as Ashton intended.

Details and availability can be found in the back pages of The Dancing Times. (Tel 071–250 –3006)

Christmas shows

Museums for fun

WHATEVER one thinks of it as a political nostrum, "back to basics" is sound advice for anyone intending to give the family something to see and think about this Christmas. I recommend London's Big Three; the British Museum, the National Gallery, and the Victoria & Albert Museum. Of those three, the BM surely must come first especially if it some time since you saw the old lady of Bloomsbury.

In which case, you have yet to catch up on the shimmering splendour of the Hotung Gallery. This vast gallery of the Far East extends along the length of the north facade, from the colourful ceramic statues of Chinese sages to the drowsy eroticism of the Amuravati temple sculptures.

Five of the BM's galleries have been refurbished recently with a gift the Sacklers. They redisplay spectacular collections from ancient Mesapotamia, Anatolia, Nubia, and Egypt. Early Egypt was opened this autumn, and offers ghoulish visitors the well-preserved corpse of Predynastic Man.

However, Egypt is "done" in GCSE, so it may not be the great novelty. Redress the balance by inspecting the spine-chilling Great Death Pit of Ur from 2500 BC, with the jewellery which adorned dozens of ritually slaughtered priestesses and the harps to which they might have listened. Who could fail to respond to the gold statuette of the Ram in the Thicket? Replicas of the Royal Game of Ur are on sale.

Games-players must see the *The Art of the Chess Piece* (until January 9, free). For the first time since their discovery in 1853, it reunites all 78 of the Lewis Chessmen, the famous 12th-century ivory pieces found in the Outer Hebrides. Private collectors have lent 50 rare chess sets, some charming, some comical, some kitsch.

Also at the BM this winter, *Old Master Drawings from Chatsworth* (until January 9) is full of beautiful things and free. But unless your child is K. Clark in the making, the clear choice is *Deities and Devotion; the Arts of Hinduism* (until April 10: adults £2). This beautiful exhibition sets out to explain Hinduism. The gallery is painted in hot red and yellow, hung with superb textiles, and stuffed with images of elephants and spritely monsters. For the family trail and workshops, phone 071-323-8511/8854.

The National Gallery is putting on magic shows with someone called The Great Xar. He or she is billed to appeal to all ages and the illusions relate to pictures in the collection. Daily from December 28 to January 3 in the Sainsbury Wing lecture theatre; entry free, no booking (071-839-3321).

At the Victoria and Albert Museum there is no more beautiful exhibition in London than *Gates of Mystery: the Arts of Holy Russia* (until January 3; open Tuesday to Sunday). It is perhaps not one to risk on children since a flop will cost you dear, with entry charges to the museum and then to the show.

Yet the V&A always does well by children. From now until January 9, activities include Beatrix Potter story-times, drawing workshops, drama, and a gallery trail based on Christmas card imagery. The first Christmas card, sent by the V&A's first director, Sir Henry Cole, in 1843, will be on display and entries can already be submitted for the best home-made card, to be exhibited in the museum. For details; 071-938-8638.

Another sure success is the National Army Museum in Chelsea (free; 071-730-0717). The Waterloo Gallery has strangely effective models and one of my favourite curiosities, the battlefield made by the unlucky Captain Siborne in 1830. A manic achievement, it is 410 sq. ft. with 75,000 tin soldiers.

A new gallery, the Victorian Soldier opens on November 26 and shows one of the museum's particular strengths, its Crimean collection, as well as many other conflicts. You will see Lord Raglan's telescope, breeches holed by the Boer, the stuffed remains of Crimean Tom who was heard miaowing in the ruins of Odessa and brought back to England. War might not be the obvious choice for a Christmas jaunt, yet this splendid museum certainly gives the family something serious to talk about.

Patricia Morison

Plays to please

You never can tell about new productions in advance, least of all a critic, but it seems that some remarkably promising performances are coming up.

Take the Royal National Theatre where the two parts of Tony Kushner's *Angels in America* open this weekend. Part One, *Millennium Approaches*, has already been seen. Part Two, *Perestroika*, is new. This is serious stuff, brilliantly done, but not for the queasy. The RNT also has its lighter side, giving a third and final run to Alan Bennett's wonderfully staged adaptation of *The Wind in the Willows* from December 1.

The Royal Shakespeare Company is coming on strong, too. Previews of the new production of *Macbeth*, with Derek Jacobi and Cheryl Campbell as the Macbeths, open on December 1, directed by Adrian Noble. Given the ticket sales for Noble's earlier production of *Hamlet*, book early.

You can just catch another brilliant *Hamlet* at the Donmar Warehouse where the Prince is played as a much younger man than usual by Alan Cumming. It finishes at the end of this month, but the same actor is due to star in a revival of the musical *Cabaret* at the same place from December 9.

A musical entertainment that looks promising is *Piaf* with Elaine Paige directed by Sir Peter Hall at the Piccadilly. Previews start on December 8.

Of the longer runners, you must see David Mamet's *Oleanna* at the Duke of York's. It concerns illiberalism and sexual harassment in an American university. Everyone talks and argues about it afterwards, which is the supreme mark of a successful grown-up play.

In a not dissimilar style, Harold Pinter's new play *Moonlight* shines more brightly now that it has moved from the Almeida to the Comedy. It runs only till the end of the year. Since I suspect it may be Pinter's valedictory, see it.

There are two Noel Cowards. Tome Conti's enjoyable production of *Present Laughter*, in which Conti also stars, will end at the Globe at Christmas. *Relative Values*, starring Susan Hampshire, has just opened at the newly restored Savoy and, as Coward's last good play, provides a great deal of pleasure.

Do not overlook one of the best English comedies of all time. Oliver Goldsmith's *She Stoops to Conquer* is playing at the Queen's with Donald Sinden and a splendid cast all round. This could be the biggest treat of the lot.

Malcolm Rutherford

Chess No 997: 24 Rdd1 Qe3+ 25 Kh1 Rxh2+! 26 Kxh2 Ng4+ 27 Kh1 Qh6+ 28 Kg1 Qh2 mate.

Caravaggio's 'The Taking of Christ', for long thought to be a copy of the original wrongly attributed to his follower Gerard van Honthorst

Caravaggio: the real thing

Patricia Morison visits the National Gallery of Ireland in Dublin

IT WAS a great week for revellers in Dublin. On Tuesday night, the National Gallery in Dublin unveiled its rediscovered masterpiece by Caravaggio, "The Taking of Christ". The next night, Ireland qualified for the World Cup. Caravaggio would have loved it, one minute basking in the adulation of experts and art-lovers, the next out roistering with the lads.

For the past 60 years "The Taking of Christ" hung in the parlour of a Jesuit community in Lower Leeson Street in the heart of Georgian Dublin. Again, Caravaggio would have appreciated the setting. Respectable by day, the street is famed for its cellar bars which roar into life in the small hours. The Jesuit Fathers are now the toast of town for their generosity in placing this priceless masterpiece on indefinite loan to the National Gallery.

The painting was spotted three years ago by Sergio Benedetti, senior restorer at the National Gallery. It was labelled as being by the Dutch artist and devoted follower of Caravaggio, Gerard van Honthorst. However, it was quite obviously a composition by Caravaggio hitherto known only from copies. These range from tolerable to execrable but one, in Odessa, was good enough to have convinced some experts. Benedetti's task was to see whether his intuition was right, and that the Jesuit's strikingly lovely picture was indeed the lost original.

Cleaning and technical examination showed the telltale pentimenti, signs that the artist had changed his mind; copyists generally get things right. It also revealed Caravaggio's hasty, thick brushwork as he deftly laid out his original composition. Experts shown the picture gave the right verdict, culminating in the approval of Sir Dennis Mahon, doyen of Baroque Italian art. (Oddly enough, when Guinness Mahon agreed to sponsor the unveiling, the company was unaware of the role played by the great nephew of the bank's co-founder.)

The shadowy career of Caravaggio has been made clearer by recent research in Rome. It was known that "The Taking of Christ" was painted for Cyriaco Mattei in 1602, when Caravaggio was 31, a mature artist at the height of his fame. The Mattei family had taken over as Caravaggio's patrons from the louche Cardinal del Monte, who had commissioned (among other things) the notorious homoerotic paintings of cupids and musicians.

For two years, probably the happiest in his life, Caravaggio had rooms in the Mattei family's grandiose palaces. Another masterpiece he painted for them was "The Supper at Emmaus", in London's National Gallery. "The Taking of Christ" was the last of the group. It is a mesmeric and immensely poignant portrayal of the moment when Judas betrays his Lord with a kiss.

Caravaggio's is an intense psychological interpretation of the arrest of Christ. Swords play such a prominent part in many of his paintings that it is striking that this time Caravaggio, the fanatical swordsman and tavern-brawler, chose drama without violence and left out the traditional figure of St Peter severing unlucky Malchus's ear.

On the right stands a figure who is not in armour, but holds a lantern and gazes intently with parted lips at Christ. This man could be just a Jewish official, but long ago the Caravaggio scholar Roberto Longhi spotted him as a self-portrait of the artist. It is therefore the artist's hand at the top of the painting, holding the lantern. The counterbalance at the bottom are the fingers of Christ, linked in a gesture of prayer and submission.

Christ, and no one else, is shown full face, eyes closed, with an expression of intense, wordless suffering. To his left there is the hysterical shrieking figure of the young man who, according to the gospel, ran away naked when one of the soldiers grabbed his cloak. Caravaggio's youth is clothed and his red cloak billows over the heads of Christ and Judas, ingeniously rather than naturalistically framing them.

Christ's deadly pallor contrasts with the coarse, wrinkled features of Judas. Yet he is not a caricature, for in those eyes we see an expression of shock as the traitor realises what he has done. Cardinal Girolamo, Cypriano's brother and a deeply pious, austere character, may have influenced the artist. There is a strongly Franciscan message in the painting's emphasis on abnegation, obedience and martyrdom.

The declining fortunes of the Mattei family forced them to sell "The Taking of Christ" in 1802 to a Scottish laird, William Hamilton Nisbet, along with five other fine paintings. Nisbet thought he had bought a Honthorst and labelled it thus, or rather, as being by "Gerard of the Night", a common nickname. When the Nisbet pictures were sold in Edinbugh in 1921, someone paid £10.10s for "A Curious Old View of a Racecourse". Someone else paid £8.8s for the so-called Honthorst.

Soon afterwards, the painting was taken to Dublin and in the 1930s, was given to the Jesuit fathers by Dr Marie Lea Wilson, childless widow of a murdered police officer. Caravaggio's reputation made its rapid ascent, but the Honthorst was unseen by scholars. It is splendid that such a masterpiece seems now to have come to rest permanently in Ireland. It is also strangely fitting, for one of Cardinal Girolamo Mattei's titles was defender of the faith in Ireland.

Caravaggio: The Master Revealed, is sponsored by Guinness & Mahon until 31 January 31. The gallery itself is undergoing major renovation so much of the permanent collection will not be seen for several years.

Radio/B.A. Young

WITH Christmas around the corner, Radio 4 is running a Sunday series for non-believers, *Devout Sceptics*, in conversations with Bel Mooney. The first sceptic was Lord Healey, worth listening to on anything. Philosophy at Oxford destroyed any question of belief, though he began his scepticism at about 13. Now he has faith, not in God, but in the business – chiefly music – usually attributed to the soul by those who believe in it, which he does not. He feels no loss, and believes death to mean the end of physical currency, no more.

Tomorrow, we have Lady Warnock, a less complex case. She is a practising member of the Church of England, but cannot accede to the beliefs that Christianity requires. There must be many in her state, who follow the Christian practice, perhaps admire and enjoy the saga, certainly the ceremony, but mentally cross the fingers when saying the Creed. Devotion lies in the continuous ritual the church provides. Lady Warnock has no hope of life after death, either; we die, she thinks, like other animals.

The Saturday and Sunday evening dramas to which I am addicted were better this week. Radio 3 on Sunday gave us Amos Oz's *Black Box*, about Alex, a distinguished Israeli working in America, Ilana, his divorced wife, Boaz, a dubiously legitimate son, and Michel, Ilana's second husband, involved in Israeli affairs, plus a lawyer, Manfred, who looks after Alex's accounts. Their relationships are interesting, but in Guy Meredith's adaptation are revealed almost entirely in letters exchanged between the characters. The titular black box is really a dramatic extra. Ned Chaillet directed.

Radio 4 on Monday gave us *Of Rats and Men*, by Richard Bean. A famous, unnamed Professor (Garrick Hagon) upgrades his experiments from rats to men. His new assistant, Pearce (Anton Lesser), is asked to simulate the pain of increasingly powerful electric shocks administered by volunteers. Will they go on when they hear the yells of the suffering subject? Will they actually press the switch labelled fatal? When does obedience give way to sympathy? There is an aura of the lab throughout the play, a touch even of science-fiction, but it is exciting enough in its way. Andy Jordan directed.

Off the Wall/Antony Thorncroft

Take the biscuit

LORD PALUMBO, chairman of the Arts Council, was noble this week. He admitted that the Council had made a hash of trying to cut grants to the regional theatres, and he assumed responsibility. He also offered a chink of hope that the Council will not repeat that fiasco in its review of the London orchestras.

On the surface Palumbo is still committed to withdrawing subsidy from two of the big three – either the LPO, the RPO, or the Philharmonia. But, as in the regional theatre scam, the Council's strategy has gone wrong from the start. Unwilling to take responsibility for its decision it invited Mr Justice Hoffmann to chair an outside jury and pronounce sentence.

Apparently Leonard Hoffmann is unhappy with the situation, especially as the committee seems to have its hands tied – the LPO, resident orchestra on the South Bank, has an in-built advantage. It is now more than possible that the Hoffmann panel will duck the issue. Even if it does recommend a withdrawal of funding Palumbo made the point this week that it will be the Arts Council, at its December meeting, that will make the final choice. And it was the full Council that threw out the planned cuts by its drama panel on the regional theatres.

★

So arts sponsorship is alive and kicking. True the 1992-93 expenditure figures released on Thursday show a 13 per cent fall, to £57.69m, but the 1991-92 total of £65.4m was inflated by the £11m that companies poured into the Japan Festival.

Another reason for the decline is the near completion of the new Glyndebourne, which has absorbed much of the corporate support for arts rebuilding projects. Indeed the cut back in capital expenditure, from £12.5m to £5.4m, accounts for most of the annual drop.

We can see what is happening. In 1991-92 the first response of companies to the recession was to reduce corporate hospitality, and their contributions to corporate membership schemes slumped from £12.5m to £7.9m. Now they have decided to turn down appeals for capital projects. But companies have maintained their sponsorship of arts events, particularly in the north, where arts sponsorship is registering a near 70 per cent rise. The biggest losers have been in London and the south.

★

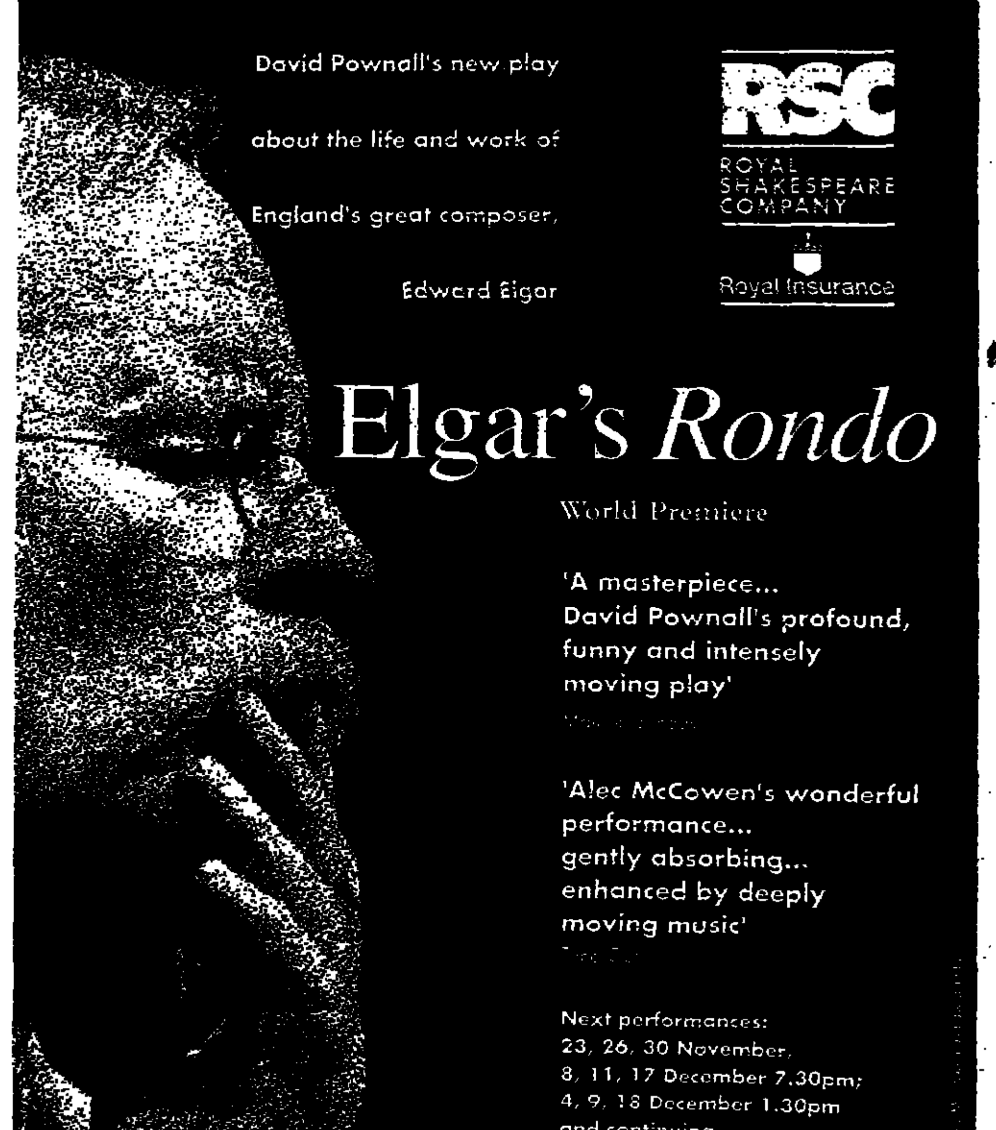
A most dramatic moment recently took place, appropriately enough, at the Arts Council. One morning in 1990 a secretary slit open a letter and out fell a cheque for £1m. Of course the Council thought it was the latest mind expanding ploy by some performance artist, but then a lawyer appeared to announce that the money came from the estate of an anonymous wartime refugee.

Some sceptics saw the munificent hand of Palumbo behind the cheque, but whatever the source he suggested that the benefaction went towards an independent Arts Foundation with the task of encouraging the avant-garde. The original aim was to expand the funds of the Foundation to £10m, or more, but bad publicity resulted in additional support of just £3,500. Grand plans to open a mini Pompidou Centre in London were jettisoned and the Foundation faded into obscurity.

So it was an agreeable surprise to find the Foundation actually giving out money to artists. The interest on its investments funded five cheques for £12,500 which were handed out on Wednesday to aspiring young artists – the ceramicists, Philip Eglin and Sara Radstone, the poet Linda France, the playwright Ed Thomas, and the photographer Ken Grant. The judges in the multi-disciplinary category were unable to award a prize because no one really knew what they were looking for.

The Arts Foundation will shortly re-launch itself. It has been very careful with its money. As Lord Palumbo pointed out, the lunch to distribute the prizes was the gift of a generous sponsor. No prizes for guessing his name.

On the subject of good housekeeping, the Arts Council announced this week that it had saved £1,000 of tax payers money this year by cutting the biscuit allowance of its HQ staff.



to proceed.
in the Ukraine, unable and

Electricité de France, told the

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Working Together. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.20 Marlene Marlowe Investigates. 8.40 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

12.12 Weather.

12.15 Grandstand. Introduced by Steve Rider. 12.20 Football Focus: A preview of today's matches. 12.25 Racing from Ascot: The 12.45 Aurelius Hurdle Race and the 1.20 H & T Walker Gold Cup Chase (Limited H'cap); Racing from Aintree: The 12.30 John Parrett Memorial Handicap. 1.00 Stanley Leisure Children In Need Handicap Hurdle, and the 1.35 Crowther Homes Becher Chase. 1.50 Rugby Union: Live coverage of Scotland v New Zealand from Murrayfield. 3.30 Racing from Aintree: Recording of the 3.20 Tote Bookmakers Novices Chase; Racing from Ascot: The 3.40 Gardner Merchant Hurdle Race (Handicap). 3.50 Snooker: The first stages of the UK Championship from the Guild Hall, Preston. 4.35 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Happy Families.

6.05 Dad's Army. Capt Mainwaring declares martial law when a bomb is dropped on the outskirts of Walmington-on-Sea. Home Guard humour, with Arthur Lowe.

6.35 Noel's House Party.

7.30 Big Break. Snooker stars Terry Griffiths, Dave Roe and Mark Johnston-Allen assist contestants as they vie for the mystery star prize.

8.00 Casualty.

8.50 News and Sport; Weather.

9.10 Harry. Ruthless hack Harry's investigations into a deceased senior police officer's past uncover evidence of masonic corruption in a murder trial. With Michael Elphick.

10.00 Match of the Day. Highlights from two games in today's FA Premiership.

11.00 Film: Uncommon Valour. A retired colonel recruits a team of Vietnam veterans to rescue his son from a PoW camp in Laos. Action adventure, with Gene Hackman and Patrick Swayze (1983).

12.40 Weather.

12.45 Close.

BBC2

6.15 Open University. 9.55 Macgregor's Scotland. 10.25 Dhoop Kinarey (English subtitles). 11.05 Network East. 11.35 Chanakya (English subtitles). 12.15 pm Film: Angel in Exile.

1.40 Quantum Special. Debate on cholesterol – is it potentially fatal or are such fears unfounded?

2.10 Civilisation. Sir Kenneth Clark examines the rebirth of art and architecture in 17th century Rome, when the Catholic Church fought back against the rise of Protestantism.

3.00 Film: Li'l Abner. Musical cartoon adaptation set in a sleepy town where local life is threatened by A-Bomb testing. With Peter Palmer (1959).

4.50 The Sky at Night. Patrick Moore visits Taunton School in Somerset, where students have built a radio telescope. Shown Sunday on BBC1.

5.10 Late Again. Highlights from last week's Late Shows.

5.50 Top Gear Rally Report. Steve Lee previews the RAC Rally.

6.20 News and Sport; Weather.

6.35 Snooker: UK Championship. David Vine introduces important frames from the third round.

7.05 The Great Depression. How poor living conditions pushed inhabitants of New York's ghettos to the brink of civil unrest, despite the introduction of the New Deal, an economic measure to contain the worst effects of the slump.

8.00 Performance: Nona. Michael Hastings' adaptation of Roberto Cossa's black comic tale about a 100-year-old Argentine grandmother (Les Dawson) with a voracious appetite. Shown as a tribute to the late comic.

9.20 Have I Got News for You. Jo Brand and Frank Bough join team captains Ian Hislop and Paul Merton to review the week's events.

9.50 Scarlet and Black. Julien manipulates Mathilde's emotions to obtain her complete submission, but soon discovers the price of passion when a former lover betrays him to the Marquis de la Mole. Final part of the drama based on Stendhal's classic novel, with Ewan McGregor and Rachel Weisz. Shown Sunday on BBC1.

11.05 Open Space. Isabel Koprowski, former managing editor of Penthouse magazine, discusses pornography and Britain's obscenity laws.

11.45 Snooker: UK Championship. Highlights from the evening's session.

1.40 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Champions' League Preview. A visit to the great shrines of European football, and interviews with the stars of the game.

1.40 Movies, Games and Videos. Previews of Disney's Aladdin, The Man Without a Face, directed by and starring Mel Gibson, and Wayne's World star Mike Myers in So, I Married an Axe Murderer.

2.10 The Big Valley.

3.05 NBA Basketball. Highlights from the game of the week.

4.05 WCW Worldwide Wrestling.

4.40 ITN News and Results; Weather.

4.55 London Tonight and Sport; Weather.

5.10 Catchphrase.

5.40 Gladiators.

6.40 Blind Date.

7.40 The Royal Variety Performance 1993. From London's Dominion Theatre, in the presence of the Queen and the Duke of Edinburgh.

10.15 ITN News; Weather.

10.25 London Weather.

10.30 Film: Last Rites. Premiere. A New York priest (Tom Berenger) falls in love with a woman on the run from the Mob. Thriller, with Daphne Zuniga and Chick Vennera (1988).

12.25 The Big E.

1.25 Get Stuffed; ITN News Headlines.

1.30 Travel Trails.

2.00 New Music.

3.00 Get Stuffed; ITN News Headlines.

3.05 European Nine-Ball Pool Masters.

4.05 Coach.

4.30 BPM. Night Shift.

CHANNEL4

6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 Sign On. 12.30 pm Movie Mahal.

1.05 Film: Kipps. A young draper's assistant inherits a fortune and sets out to climb the social ladder. Light-hearted comedy, with Michael Redgrave (1941).

3.05 Film: The Captive Heart. Wartime drama, with Jack Warner and Mervyn Johns (1946).

4.55 Magoo's Glorious Fourth. Animated adventures.

5.05 Brookside.

6.30 Right to Reply.

7.00 A Week in Politics. News Summary.

8.00 Four-Mations. Animated shorts from a female perspective, including two films by Joanna Quinn.

8.30 Whose Line is it Anyway?

9.00 Brides of Christ. Frances is treated as an outcast when her guilty secret comes to light. Naomi Watts stars. (Repeat).

10.05 Rory Bremner: Who Else? Political mimicry and satire with a topical twist.

10.45 Film: The Killing of a Chinese Bookie. Thriller, co-starring Seymour Cassel and Azizi Johari. Part of the Cassavetes season (1976).

12.40 Late Licence.

12.50 Herman's Head. New series. A research assistant in a New York publishing company struggles to confront life's daily pressures, while inside his head four outrageous characters – Angel, Genius, Animal, and Wimp – vie to guide him through everyday decisions. Surreal American comedy, with William Ragsdale.

1.25 Eurotrash. Jean-Paul Gaultier and Antoine De Caunes investigate the latest music, cuisine and fashion from around Europe.

1.55 The Word.

3.00 Saturday Zoo. Jonathan Ross chats with Denis Leary and Roland Rivron. Music by the all-woman House Band.

4.05 The Levellers. The indie band perform their Freak Show concert at The Barrowlands in Glasgow.

4.35 Made in the USA. Laurie Pike goes sightseeing in America, riding the JFK Assassination Tour Bus, visiting the Coca Cola Museum and investigating the new wave of puritanism along the way.

5.20 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

SUNDAY

BBC1

7.25 The High Chaparral. 8.15 Breakfast with Frost. 9.15 Beyond Narnia. 10.00 See Hear! 10.30 Winning. 11.00 Careering Ahead. 11.30 The Human Element.

12.00 Bellamy Rides Again. David Bellamy explains the importance of ensuring water supplies remain unpolluted.

12.30 CountryFile. Caroline Jones reports on rural fuel supplies.

12.55 Weather for the Week Ahead.

1.00 News.

1.03 On the Record. John Humphrys reviews the week in politics.

2.00 EastEnders.

3.00 Steven Spielberg's Amazing Stories. A young gunner trapped in the belly of a B-17 fighter faces death when it is forced to crash-land. With Kevin Costner.

3.50 Children in Need: Pause for Pudsey. Terry Wogan and Sue Cook take a final peek behind the scenes of the show. Last in series.

4.00 The Disney Magic Special.

5.15 The Clothes Show. Preview of the Afro Hairdresser of the Year Award, and a report on how stylish fashions can help women who have had mastectomies regain their confidence.

5.40 The Borrowers.

[illegible] News.

Songs of Praise.

[illegible] of the Summer Wine.

[illegible]joy. The lovable rogue (Ian [illegible]) visits an antiques fair in [illegible] to buy religious books, [illegible] discovers a rare Bible with a legacy of deceit.

Birds of a Feather.

News and Weather.

[illegible] Play the King. New series. The [illegible] Francis Urquhart, now prime minister, faces a formidable opponent – the new King of England. Ian Richardson stars in this four-part political comedy drama. With Michael Kitchen.

[illegible] Clive James: Postcard from Cairo. The antipodean wit visits Egypt, the land of camels and pyramids, where he meets Omar Sharif, tries belly dancing, and enters into a difficult bartering session with a bazaar trader.

[illegible] Everyman. Bruce Harris investigates allegations that Third World children are being killed to provide organs for transplants.

1.45 Snooker: UK Championship. David Vine presents highlights from two of today's best-of-17-frames matches.

1.15 Weather.

1.20 Close.

BBC2

7.15 Poddington Peas. 7.20 Playdays. 7.40 Wishing. 7.50 Telling Tales. 8.05 Blue Peter. 8.55 Albert the 5th Musketeer. 9.15 Simon and the Witch. 9.30 TimeBusters. 10.00 Grimmy. 10.25 Grange Hill. 10.50 Growing Up Wild. 11.15 The Boot Street Band. 11.45 The O Zone. 12.00 Stingray. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

1.40 The Living Soap. Matt and Spider settle into their part-time jobs, and Dan devises money-making schemes to supplement his grant.

2.00 Around Westminster.

2.30 Top Gear Rally Report. The best of this morning's action from the start of the RAC Rally, including coverage of the Clumber Park stage.

3.30 Snooker: UK Championship. Coverage of the latest frames from the Guild Hall, Preston.

5.10 Rugby Special. Scotland v New Zealand: the All-Blacks embark on their first Test in the international at Murrayfield. Leicester v Bath: Highlights from the top match of the day in the Courage League.

6.15 Sarajevo Compilation.

6.25 Top Gear Rally Report. Steve Lee presents action from the day's final special stages of the RAC Rally.

6.55 One Man and His Dog.

7.45 The Money Programme. New initiatives to boost Anglo-Indian trade and investment after years of economic chaos.

8.20 Dear Jackie. A look at the letters of condolence Jacqueline Kennedy received after her husband's assassination.

8.50 JFK: A Personal Memory by Gore Vidal. The controversial author and former White House insider reflects on John Fitzgerald Kennedy's presidency.

9.05 Timewatch: The Mysterious Career of Lee Harvey Oswald. A profile of the man who allegedly shot JFK, chronicling Oswald's troubled childhood, service in the US Marines, and time in Russia. The programme presents new evidence and attempts to establish whether Oswald was the emotionally disturbed lone gunman portrayed in the 1964 Warren Commission Report, or merely an unwitting scapegoat for the real assassins, as he himself claimed after his arrest. Part of the Kennedy Night.

10.40 Moviedrome Special. Introduction to tonight's film.

10.50 Film: The Parallax View. Taut thriller. With Warren Beatty (1974).

12.30 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm Crosstalk; Weather.

1.00 ITN News; Weather.

1.10 Walden.

2.00 Heidi.

2.45 The Sunday Match. West Bromwich Albion v Nottingham Forest. Live coverage of the Midlands derby from the Hawthorns. Plus, a round-up of the action involving London's clubs.

5.30 Beside the Seaside. New series. How the fashionable Victorian pastimes of sunbathing and swimming spelled the birth of seaside resorts.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 SeaQuest DSV. Capt Bridger and his team discover a deserted undersea munitions plant inhabited by orphaned children. With Roy Scheider, Stephanie Beacham and Don Franklin.

7.30 Heartbeat. Nick's investigation into a hit-and-run incident reveals a darker side to country life when he arrests a local man for badger-baiting. Greengrass seeks a financial backer to help with the upkeep of his racehorse.

8.30 You've Been Framed!

9.00 London's Burning. Two children exact their revenge on a grumpy launderette attendant, and Sicknote narrowly averts tragedy when he rescues a mother and baby from their attic flat.

10.00 Spitting Image.

10.30 ITN News; Weather.

10.45 The South Bank Show. Classical guitarist John Williams in concert at the royal palace of Los Reales Alcazares, Seville. Filmed on location in the UK, Australia and Spain, the programme documents Williams' professional and personal life, and includes footage of the best-selling recording artist as he entertains his friend and neighbour, flamenco guitarist Paco Pena.

12.45 Sail the World.

1.15 Cue the Music.

2.15 Get Stuffed; ITN News Headlines.

2.20 War of the Worlds.

3.10 Get Stuffed; ITN News Headlines.

3.15 Derrick.

4.25 Get Stuffed.

4.30 On the Grid.

5.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.25 Wowser. 9.40 Laurel and Hardy. 9.45 Dog City. 10.15 Beat That Sport. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.45 pm Bush Tucker Man.

1.15 Football Italia. As Sampdoria play Foggia, Lazio take on Torino and Genoa visit Inter, James Richardson presents action from one of the top matches in Italy.

3.30 Film: The Captain's Paradise. Maritime comedy, with Alec Guinness as a steamboat skipper who divides his time between wives in different ports (1953).

5.10 News.

5.15 High Interest.

6.00 Teenage Health Freak.

6.30 The Cosby Show.

7.00 Equinox. Earthquakes: the programme assesses the stability of buildings in Mexico City and San Francisco, designed to withstand underground tremors.

8.00 The Great Commanders. New series. Documentaries focusing on history's most famous military figures, beginning with the life and achievements of Alexander the Great. Narrated by Brian Cox.

8.45 Snapshots. Baroness Warnock returns to her childhood haunts in Achiltibuie, Scotland.

9.00 Witness. In Paris, 1981, Japanese student Issei Sagawa murdered a Dutch girlfriend, cut the body into pieces and ate her flesh. He was declared insane and imprisoned for three years before being sent back to Japan on the understanding that he be confined in a mental institution. However, he was deemed sane and released after only a year, and is now regarded as a celebrity in his native country.

10.00 Film: My Own Private Idaho. Premiere. Two young male prostitutes embark on a journey of self-discovery across America. Road-movie drama, with the late River Phoenix and Keanu Reeves (1991).

12.00 Four-Mations.

12.25 Film: Caluga O Menta. A study of disenchantment among unemployed youngsters in post-revolutionary Chile. Hard-hitting drama, with Mauricio Vega (1990). (English subtitles).

2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

RADIO

SATURDAY

SUNDAY

CHESS

THE SOVIET Union may be dead, but it is still a powerful chess force. How powerful was shown at the recent world team championship in Lucerne, where the US won ahead of Ukraine, Russia, Armenia and Latvia – but only with the aid of ex-Soviets on the top four boards in the US team of six. England, bronze medallists in the 1979 world team event, failed to qualify.

However achieved, the US victory will influence the delicate balance of chess power between FIDE, the governing body of world chess, and the breakaway Kasparov-Short Professional Chess Association, based in Wall Street and aiming to attract US corporate sponsors for a new global chess circuit independent of FIDE.

Back in the 1930s the US won the chess olympics fouur times in seven years. Now its team is again champions while Gata Kamsky, the 19-year-old US No 1, is a potential rival to Kasparov and Karpov, public support is growing, an the US Chess Federation reports a record membership of 70,000.

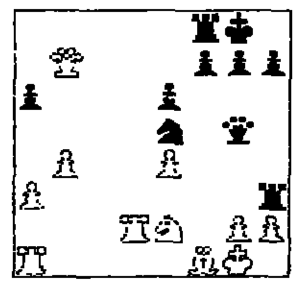
Many tournaments have game brilliancy awards, but Lucerne introduced a prize for a single move (Smbat Lputian, Armenia, White; Margeir Petursson, Iceland, Black; world team 1993).

1 d4 Nf6 2 c4 e6 3 Nf3 Bb4+ 4 Nbd2 b6 5 e3 Bb7 6 Bd3 0-0 7 0-0 d5 8 a3 Bxd2

9 Bxd2 dxc4 10 Bxc4 Nbd7 11 Qe2 c5 12 Rfd1 Qe7 13 dxc5 Tepid, conceding Black's knights the centre. Better Bd3 or Be1. **Nxc5 14 Nd4 Nfe4 15 f3 Nxd2 16 Rxd2 a6 17 b4 Nd7 18 Qf2 Ne5 19 Bf1 Rac8 20 e4 Rc3 21 Ne2? Rxf3!** For if 22 gxf3 Qg5+ 23 Ng3 Qxd2! **22 Qxb6 Qg5 23 Qxb7 Rh3!** "The magical move of Margeir".

24 Qa7 If 24 Kf2 Qh4+ 25 g3 Qf6+ 26 Kg2 Ng4! 27 Kxh3 Ne3 and Qh6 mate. **Nf3+ 25 Kxf2 Nxd2 26 Resigns.** If 26 gxh3 Qf6+ wins on material.

No 997



What happens if White counters the 'magical move' by 24 Rdd1?

Solution Page XX

Leonard Barden

BRIDGE

TODAY'S hand, which comes from teams-of-four, resulted in a game swing. How would you cope with Early Concession?

N
♠ J 10 9 6
♥ Q 7 5
♦ K J 2
♣ 8 6 2

W
♠ 7
♥ A K J 6 4
♦ 9 6 5 3
♣ A J 7

E
♠ 5
♥ 10 9 8 3 2
♦ Q 10 7
♣ Q 10 9 3

S
♠ A K Q 8 4 3 2
♥ —
♦ A 8 4
♣ K 5 4

With both sides vulnerable South dealt and opened the with an Acol *two* spades, North replied two no trumps, South rebid a disciplined three spades. North raised to four spades to end the auction.

West led the king of hearts. Declarer had nine tricks for the taking, and he had two chances for the 10th – the finesse of the diamond knave, or to find East with the club ace. South ruffed the king, drew trumps with dummy's knave, and returned a club. East played the nine, and South's king lost to the ace. West cashed his knave and East made his queen. The heart return was ruffed in hand, the diamond ace was cashed and dummy's knave finessed – one down.

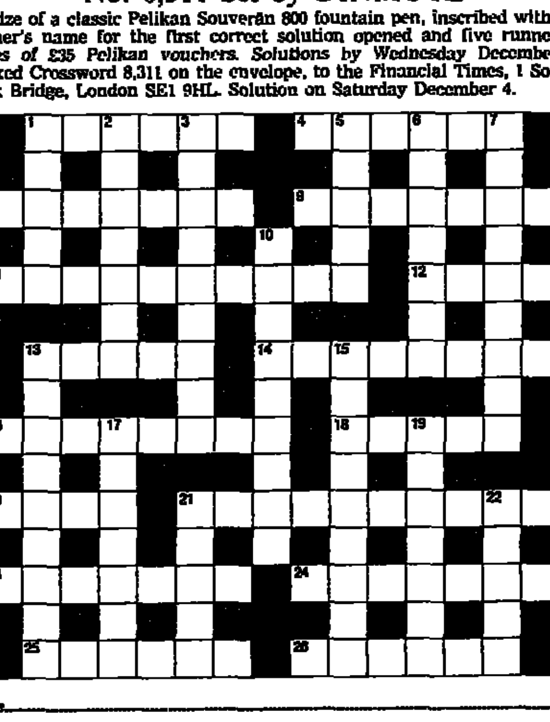
In the other room by identical bidding South was declarer in four spades. West again led the heart king, South did not ruff but discarded his four of diamonds. West switched to seven of spades, taken in dummy and the heart seven was ruffed. Cashing ace and king of diamonds, South ruffed the diamond knave and crossed to the table with a trump. The heart queen was played and declarer discarded a club, West took and was end-played. He had the choice of setting up South's club king, or of conceding the ruff discard.

E P C Cotter

CROSSWORD

No. 8,311 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday December 1, marked Crossword 8,311 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday December 4.



Name..

Address..

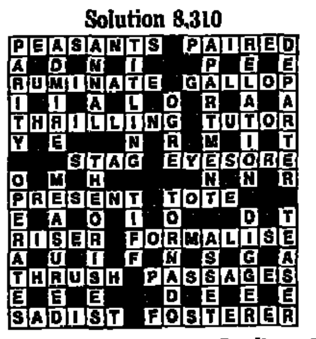
ACROSS

1 Swift take-off, say? (6)
4 Fairy, in play, may hang in corners (6)
8 *What is Britain's first* processed cheese, pray? (7)
9 Abnormal conditions of lower members, for example, in skittles (3,4)
11 One may help family in giving hand with luggage (10)
12 Have no stomach for hospital tea, possibly? (4)
13 Some dramatic pieces for violin (5)
14 Breathing-spaces below the bridge? (8)
16 Admiral dancing around Gateshead in glee (8)
18 Revive a pre-burial vigil (5)
20 Austrian composer at his *peak? (4)*
21 Those like Edward, fathers or owners? (10)
23 This medical disorder often recurs (7)
24 Tests of gold shares (7)
25 Not the practice of the Circle Line (6)
26 Euterpe, for example, died laughing (6)

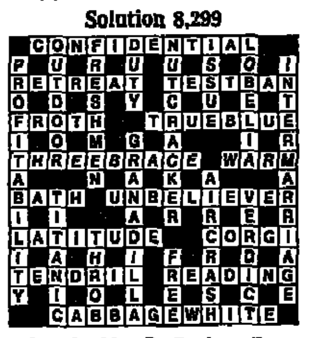
DOWN

1 Etruscan city in sea? That cannot be right! (5)
2 Saint yonder 'as retired (7)
3 Settlement of account (9)
5 Nothing sour in the smell (5)
6 New wealth and riches opening up for European song contest winner (7)
7 Beautiful girl holds a gun in game (9)
10 Hunks fell over a hard rock (9)
13 Reduction in a bargain department (9)
15 Caged spirit rattles when beaten (5-4)
17 *Music for a Maigret production? (7)*
19 Unusual rawness of some defences (7)
21 Companion to music – one of many in Oxford (5)
22 King lied about being cross (5)

Solution 8,310



Solution 8,299

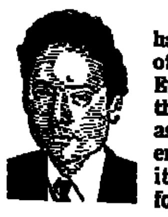


WINNERS 8,299: R.J. Starling, Edinburgh; Mrs R. Booker, Fowey, Cornwall; E. Hall, Liverpool; L. Mann, Misson, Doncaster; Lucy Norgate, Halifax; J.G.H. Pearce, Woburn Sands.

Pelikan pens and vouchers can be won by solving the FT's extra weekly prize crossword, every Monday, starting next week.

The English sense of foul play

*While his countrymen mourn, **Dominic Lawson** views this week's World Cup results with relief*



FINALLY, we have been put out of our misery. England are out of the World Cup or, as the sports writers insist on calling it, "the greatest footballing show on earth."

The misery in question, however, is not chiefly that of the England soccer team but of the millions of us who find the national game ugly and pointless. We dreaded the thought of the saturation coverage which would ensue if the England team qualified for the finals. We remembered how, during the last World Cup, it was impossible to arrange a dinner party in case it clashed with yet another game in England's unlikely advance to the semi-finals. Or one did go ahead only to find guests rushing from the table asking if there was a television in the house.

But, as I say, we are out of our misery. The summer will be filled instead with the proper and civilised sound of leather on willow rather than leather on head or boot, or whatever other parts of the anatomy footballers use to play their random, undisciplined and rowdy game.

There was a danger that one or other of the home nations would qualify for "the greatest footballing show on earth." Had Wales qualified then it would immediately have been adopted, even by people who normally regard the celtic fringes as fit subjects only for after-dinner jokes. Fortunately, however, Scotland, Wales and Northern Ireland all managed to emulate England's non-achievement.

The Republic of Ireland did qualify and the inevitable happened: the English press began to describe that nation as part of "the British Isles." True enough, but it was the first time I had heard this expression outside of a geography text book. The point, of course, was to persuade us that we are in some way still connected with, and intimately involved in, "The greatest footballing show on earth." Had Ireland not qualified all would not have been lost. Eventually, the list of referees chosen to arbitrate in the World Cup finals would have been published and there might well have been an Englishman on it. There would have ensued innumerable newspaper articles about "England's man at the greatest footballing show on earth."

I wrote last week that I had been so buried in writing a book that no items of news penetrated my consciousness. This was not quite the case. The one event of global importance which was so insistently reported that even I knew, was the England soccer team's loss to the Netherlands. In particular, I gleaned the impression that *it was unfair*. It was all the fault of a German referee.

This, it seemed to me at the time, was the worst thing about the media's obsession with the travails of the England team: we were always unlucky. If it was not a conveniently German referee, then it was an injury to England's best player, or the run of the ball which was "cruel", or our manager's inexplicable failure to select our best side, or one of their players should have been sent off. No one ever seemed prepared to admit that other nations had, perhaps, produced more talented players and that is why they won and we lost. Somehow the idea persists that we ought always to win, and that if we do not, we are the victims of malicious fortune, or bad management.

To a small extent this national disease of making excuses has spread into the nobler game of cricket.

I would be rash to comment on the last week's High Court libel action over the matter of alleged Pakistani ball-tampering in Test matches against England. But it is hard to avoid the impression that the main stimulus to the press's charges was the desire to find a reason for the England team's defeat which did not include the fact that the Pakistani team were simply much better players.

This whingeing would be more tolerable if, when England win, we were able to do so without any gloating. It is hard to remember when an England victory was not so greeted by the home press.

Doubtless other nations are as bad. Some might be worse. But I am delighted that they will be the ones to endure more months of hyperbole and hackery, while we in England can open a newspaper or watch television without being forced to take part in "The greatest footballing show on earth."

■ *Dominic Lawson is Editor of The Spectator*

Private View/**Christian Tyler**

Doctor on call for science

Colin Beere

THE BICYCLING embryologist took off his clips and declared: "Potholes are much more dangerous than genetic engineering."

Lewis Wolpert, a professor of medical biology, blames Mary Shelley ("the evil fairy godmother of science") for frightening people down to this day. "The Frankenstein image touches something very deep in our psyche," he said.

Monday sees the start of a "European week for scientific culture," a programme of conferences, films, school visits, including a ballet based on the Big Bang theory of the birth of the universe. The aim is to encourage more career scientists, to stimulate popular participation in policy-making and restore science to its place in European culture.

This is very much Prof Wolpert's theme, although he expresses it more energetically and provocatively than does Directorate XII of the European Commission, sponsor of next week's programme.

"Even the most intelligent of my friends worry about armies of human clones. I say: where will they go to school? Where are all the mothers going to come from? We know from the Hitler Youth that you don't have to go through cloning to get people to think along the same lines. The fears are grotesquely exaggerated."

Wolpert, a Fellow of the Royal Society, is shortly to take over chairmanship of the Committee for the Public Understanding of Science, a UK body founded apparently on the premiss that public ignorance of science is creating fear, and fear hostility.

This harks back to the famous Two Cultures jeremiad delivered by C.P. Snow in 1959. Was there still a problem, I asked?

"Snow was putting forward the idea that for most people true culture – in the wonderful phrase of Max Perutz – is carried by the humanities while scientists have merely been the plumbers of civilisation," Wolpert replied.

Yet people were fascinated by science, he added. They were not so much hostile as ambivalent, because science was so difficult, an unnatural way of thinking (he has written a book on this theme*). Science lacked rôle models and suffered from media stereotyping: practitioners were portrayed as detached, boring people without spouses, children or passions. Anyway, he concluded, press and television were run by arts graduates.

He thinks there has always been a gulf between scientific knowledge and public understanding, probably even in Archimedes' day.

Perhaps, I suggested, mankind is not biologically adapted to contemplating the cosmic or the atomic.

"I don't think it's even that. The real difficulty is that you can live your life – I hate saying this – extremely comfortably without knowing any science whatsoever. And most people do.

> *Lewis Wolpert is a leading embryologist and loves a fight. He has been chosen to defend the good name of science*

"You see science is a peculiar thing. But if you want to take your part as a citizen, to take decisions about nuclear power and so forth, then you need to know."

Why do you think people still read horoscopes?

"People like a mystical idea of the world. They like magic. I don't have an explanation for that. The New Age people love the discovery of quantum mechanics and black holes. They take this hard-won hard science and they use it for mysticism. 'Look', they say, 'we always told you the universe was magical.'"

I said: you can't blame them if our ultimate knowledge turns out so bizarre..."

"No, it's such hard, difficult mathematical stuff." He sounded quite angry. "Science doesn't make you feel better: it doesn't lead to an afterlife, it doesn't give you any purpose in your life. It removes magical powers like the ability to predict the future, read minds and so on. So you feel less comfortable."

You see such people as poor, lost children?

"Yes". The professor grinned wolfishly as if he'd eaten a New Ager for breakfast. "I do. You're wicked."

Do you want them to give up astrology?

"No. That would be an absurd view..."

But when I pressed him he eventually admitted that *was* what he wanted. "I'd rather they did the pools," he said.

Prof Wolpert is by turns dogmatic and doubtful; he thrives on controversy, loves to be provocative and is easily provoked in turn. His *bêtes noires* include disparaging journalists (he named some) and "relativist" sociologists who regard scientific knowledge as no more than another human invention. Philosophers were good, but irrelevant.

"I'd like to see myself as a liberal," he said. I'm terribly permissive really. On the other hand I love being politically incorrect." He paused as a doubt surfaced. "Although I'm totally against PC, the fact that there is a discussion about it has sensitized people to the way our society works. I would have to recognise that the sensitivity is really quite positive."

Wolpert works at University College and Middlesex School of Medicine in London. He studies the mechanism by which the fertilised egg gives rise to limbs and is best known for his account of how cells know what to do. (Like mass flagwavers in a stadium display they get the same instruction sheet telling them what to do in whatever position they occupy.)

He was born in Johannesburg, to a middle-class Lithuanian Jewish family, swung to the Left but had no stomach for politics. He studied civil engineering because he was good at maths.

"I couldn't stand it. They were so boring. No, I liked them. They were very good friends. I loathed the course. All my friends in the arts were pretty girls reading D.H. Lawrence and there was I in the beastly room doing engineering drawings. Even on holidays I used to have to work in the sewers of the municipality."

He worked in South Africa, hitch-hiked north to Israel, and moved to London where he converted to zoology at the age of 25, taking his BA and PhD simultaneously at King's College. He has the Scientific Medal of the Zoological Society and has been a member of the Medical Research Council.

Discussing the technical and moral limitations of genetic engineering, Wolpert insisted that scientists have nothing more to say about ethical dilemmas than any other citizen. It was for the scientists to advise, the public to debate, and parliaments to legislate.

But as an out-and-out materialist (biologists tend to be), he looks forwards to the day when science will enable us to isolate and treat criminal tendencies, say, as readily as any disease.

"I can think of no situation in which knowledge would make things in principle worse. Because knowledge is neutral. I feel very strongly about that. This nonsense that science has some sort of value attached. Rubbish."

The molecular biologist is interested in humans as organisations of cells. Would he not always be regarded with suspicion by those who see the human being as a whole?

"I dont think you're right. It's no longer regarded as murder to turn off a life-support machine. Abortion is allowed. My materialist position has no bearing on this whatsover.

As a person you have one construct of the world, as a scientist another?

"Absolutely."

And the two things should not be confused?

"Absolutely. My responsibilities as a citizen have nothing to do with my responsibilities as a scientist."

It is a familiar argument. Yet this emphasis on detachment, on privileged status for scientific inquiry may be what most worries the non-scientist. Wolpert insists that scientific knowledge is superior knowledge. When you say it is superior, what do you mean?

"It's the only way to understand the world."

But you've just said that as a citizen you have to look at it in one way, as a scientist in another.

"There is a big difference between understanding and making judgments."

I thought of the non-sciences which lay claim to understanding: economics, history, religion. Why should science be 'superior'?

"In the sense that there are no alternative explanations. And superior in that it is also probably true and can be shown to be true – or false."

Wolpert mentioned religion, and said he agreed with the sociologist Max Weber that the secularisation of the western world owes more to capitalism than to scientific knowledge. Although a hard-line materialist, he said, he easily understood why religion was so attractive. (His brother-in-law, the Australian Richard Neville of Oz trial fame in the Sixties had recently given him *The Tibetan Book of the Dead*.)

"Many very distinguished scientists – living and dead – are deeply religious. Now, for me, religion is not all that different from astrology. But I wouldn't want people to give up their religion."

Are you a non-believer because you are a biologist?

"I gave up religion long before I took up science."

Science and religion are contradictory but plainly can co-exist in the same mind, he said. "I claim that is because one is natural and the other totally unnatural." (Science, of course, is the unnatural one).

Religion may be more important to people than science, then?

"No question. Because it tells them how to live their lives."

Wolpert quotes Tolstoy, who said science is meaningless because it does not answer the questions What Shall We Do? and How Shall We Be? He quotes Einstein, who said that there was no conflict between the two because 'science without religion is lame, religion without science is blind'.

So to many people the knowledge they get from religion is superior?

"I agree with you. It doesn't mean to say that they're right."

But science remains a privileged kind of knowledge?

"I couldn't agree more."

Perhaps it's just this word 'superior' that you'll have to drop?

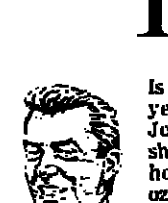
Wolpert grinned. "I don't think I'm prepared to do that."

The professor donned his red anorak, put on his clips and safety helmet and wheeled his bicycle to the lift. As he whizzed gleefully away to Mayfair to hear a lecture on gene therapy it seemed to me I had missed a dialectical trick. It was not knowledge we had been arguing about here, but wisdom.

■ **The Unnatural Nature of Science; Faber.*

The mutation of Mr Major

Michael Thompson-Noel



Is it only three years since John Major shot through a hole in the ozone layer and fell to earth? It seems longer than three years. It seems like half a lifetime. He does not go away. He just keeps mutating. Digging himself in deeper. Singing a different tune. Softening or hardening the message as circumstance dictates. It used to look haphazard, but that was just a smokescreen. I think we have got a problem.

I went to a dinner this week. The good, the great and the pasty. Tiaras and jewelled cufflinks. Servants scuttling and scraping. Everyone in their place. You could hardly call it classless. There was a peculiar, malevolent heartiness, and a single recurring joke. "Did you hear the one about the single mother of twins who wrote to the council because she wanted a larger house with a swimming pool and a squash court?"

The toastmaster cleared his throat. My lords, ladies and gentlemen, pray silence for the prime minister. And up stood John Major, talking about core values. Time to get back to basics. Family first and foremost. It only takes self-discipline. Britain once ruled the waves, and so she would again.

Next day I visited a supermarket. Sainsbury's, as it happened. I could tell by the rudeness and queues. The price war was turning vicious. They were giving the stuff away. I recognised the patrons. I had seen them the night before: the good, the great and the pasty. Only their clothes were different.

Their voices were the same. They were laughing just as loudly. "Did you hear the one about the single mother of twins who wrote to the council because she wanted a larger house with a swimming pool and a squash court?"

John Major, boatered and aproned, was serving at the meat counter. Business was very brisk. As the prime minister wrapped sausages and trimmed the fat from chops, he spoke about his determination to return to core values, rediscover the basics, family first and foremost, only takes self-discipline, Britain would rule again.

That night I went to the theatre. They were all there in their seats: the good, the great, the pasty. The joke ran round and round. "Did you hear the one about the single mother who wrote to the council...?"

HAWKS & HANDSAWS

John Major appeared at the interval, earning sustained applause for a moving evocation of a gentler, simpler age when families stayed together and just stuck to basics. Wove their own cloth, crushed their own grain, trampled their own wine and amused themselves at home with quizzes and simple games.

Envy was unknown. Everyone in his place. You got ahead or you didn't, and were grateful in either case. Crime was barely heard of. Children could read and write. Britain was strong and healthy, and would be strong and healthy again. Core values and self-discipline.

I noticed, at the theatre, that the good, the great and the pasty spoke and laughed loudly whenever they thought I was watching; but that when I looked away and they thought I wasn't noticing their eyes grew cold and mean and they glared at each other suspiciously.

Yet their faces would light up as soon as the joke was repeated. "Did you hear the one about the single mother of twins who wrote to the council...?" Really extremely odd. More than a little frightening.

When John Major first shot through a hole in the ozone layer and fell to earth, we were extremely happy to see him. Our gratitude knew no bounds. And then the accidents started. Many things went awry. He seemed dithery and cack-handed. Trouble just sought him out.

So then the mutations started. He even won an election. But the accident rate increased. His days were strictly numbered. Or so it was supposed. But that was just a smokescreen. He was learning on the job. Mutating and transforming himself. Varying the pitch of the tune. Softening or hardening the message.

John Major looks exactly the same today as he did three years ago. The hair, the teeth, the glasses, the fixed and famous smile. He really is agreeable. Only the message varies. But we have even got used to that. His resilience is astonishing. He just keeps bouncing back. It dawned on me this week that there is now no reason on earth why John Major shouldn't win the next election.

I think we have got a problem.

CAPITAL SPENDING

Dedicated borrower of fashion . . .

***Lucia van der Post** goes to Paris in search of the elite, elusive haute couture customer*

IT MUST be delightful to be Eléonore de Rohan-Chabot. In the lottery that we call *life, Eléonore* seems to have drawn only winning tickets. The pretty 21-year-old, married to handsome 31-year-old Comte de Rohan-Chabot, already has her own TV show, dresses in the finest clothes that money can buy and yet does not have to pay a penny for them.

For Eléonore is one of an elite group of young French women who have only to lift the telephone to borrow a dress for a special occasion. "All my friends," she tells me breezily, "borrow couture. *Les Maisons de Couture* like their clothes to be seen out and about on young people." Not all young people, *bien sur* – only those who are attractive to look at, well-connected and can take their borrowed clothes to the sort of places and parties where the houses would like them to be seen.

For every couture house in Paris needs more customers, and they need young customers most of all. As the numbers of genuine couture customers diminish, as the life-styles that required couture dresses disappear, all the houses are chasing the same 200 women in the world, all that is left, calculates Catherine Rivière, *Directrice de Haute Couture* at Chanel, of that privileged band that once patronised the *grand couturiers.*

It is a cut-throat business, finding new clients. It cannot be left to chance. Houses peruse the business pages of the serious journals, scour lists of the richest people in the world and issue flattering invitations to those that are known to have the wherewithal, and could possibly be persuaded to have the inclination, to buy. And, it seems, they send their clothes out and about on the social scene on free loans hoping to catch the eye of the rich and well-connected.

The nature of the haute couture customer has changed over the years. There are, of course, fewer of them. Just a few years ago there were, according to the houses, some 3,000-4,000 customers shared between 20 houses. Where once the grand society woman would probably patronise a single house, buying from it all her serious sartorial needs, today she shops around.

Rivière says that couture customers no longer buy for special events. "Unless it is for a wedding." Couture has had to adapt to suit the changing lives of customers. "Today they travel so much, they need easy pieces. There are not so many grand parties. *Our faithful* customers buy between one or two garments a season, an average of five a year, probably three suits and two dresses. Once they get used to haute couture it is like a drug – nothing else will do."

A suit will cost around FFr100,000 (£11,600) a dress "without embroideries" around FFr80,000, an evening dress anything between FFr150,000 and FFr300,000. If all that sounds expensive remember that something like 130 hours will go into the making of a jacket, 40 into a skirt and personal fittings are on offer until perfection is achieved. Catherine Rivière, says: "When we get to know them very well and have their *mannequin* then we can do much of the fitting on that."

The couture customer today not only buys from more than one house but she has plenty of *prêt-a-porter* labels in her wardrobe as well.

So who exactly are they – these few hundred women in the world privileged enough to be able to buy the most luxurious clothes in the world?

"Please Chanel," I had said to their London office, "find me a haute couture customer to talk to, a real live example of this vanishing breed."

They found me Eléonore. Exquisitely pretty, blonde, flawless skin, tall, fine-boned. Papa is the Marquis de Galard Terraube which meant that when it came to her recent marriage she was able to offer the sort of impeccable lineage that makes Almanac de Gotha families feel at home.

Then, of course, the *château* with its *parc*, which has been part of the family fiefdom since the Middle Ages, provided a perfect setting for the celebrations of nuptials which were generally agreed to have constituted *the wedding of the* year in France. A wedding, which as *Point de Vue* put it, was *"forcément grand." Paris-Match, Point de Vue, Gala*, (the *Hello!* set of the French press) all went to town, breathless at the deliciousness of it all.

Once a week on her own television show, Eléonore interviews celebrities. And in the time left over from being a TV celebrity, and a fashionable wife, she studies law at Assas university. In due course she intends to become a lawyer.

She is also very, very nice. Not an immodest word passes her lips.

"Tell me Eléonore," I beg, "tell me about these grand parties that these clothes you borrow go to."

Not a whisper.

"We mostly go out to restaurants and then I would probably wear something black. I hate mini-skirts as I never know where to put my legs. I like a *long* dress or pants though I love to bare my neck and shoulders."

"What about the entertaining you do?" I venture. "Surely you have to dress up for that?"

"Well, we live in a very small flat – just two small rooms so we don't entertain very much. I only dress in couture for special occasions. My clothes come from all over the place. I often buy *vêtements d'occasion* (secondhand clothing) in Guerrisold in the Barbès (an immigrant district renowned for its markets). I often buy coats there though this winter Dior has given me a coat so I don't have to buy one."

Today, for instance, she is wearing black leggings from she can't remember where, her husband's white shirt, a little black waistcoat, "very important to me, waistcoats", a long black cardigan and high heeled boots.

"I mix in three different worlds – one is the world of students, the other is my husband's world [he is a financier 10 years older than she is] and the other is the world of tv. I need different wardrobes for each of them. For my student life I wear leggings and jeans, cardigans and waistcoats. Now that I am married I can't dress like a little girl. I have to dress more soberly. My husband loves me in haute couture. I *have* never worked before and now that I have to develop a professional working relationship with my colleagues I have to dress accordingly. For my shows I usually wear designer-label *prêt-a-porter*."

"So," I press her, "would you like to buy haute couture, can you imagine doing it?"

"Oh, yes, it is a dream for me. I like very simple things and *la simplicité ne supporte pas la mediocrité*. The quality of the materials is so beautiful, the work is all done by hand and it makes me feel more beautiful. It is like wearing another skin. I dream one day of buying a very special dress but for the moment I must keep my feet on the ground."

The habit of couture, the addiction if you like, runs in families. Eléonore's mother was a Dior model who was able to buy Dior clothes at a discount so Eléonore, of course, grew up knowing all about couture (and its discount possibilities). Eléonore loves Chanel and Dior in particular and always goes to their shows.

"There are many imitations of Chanel but they don't compare with the real thing. Chanel has the simple style I love. Givenchy, too, is beautiful but I think it is a little older."

Today in the haute couture salon at Chanel's Paris headquarters in the Rue Cambon, Eléonore is trying on the dress of her dreams. She has a big charity ball to attend at Versailles, at which the Queen of Denmark will be present, and it will be a glittering opportunity to show off the talents of the House of Chanel. Exquisitely simple, as is her taste, it *is a feather-light drift of navy-*blue chiffon. She will wear it very simply. "I think I am too young to wear huge jewellery and because this dress is very simple and fluid it should look very natural. I will wear it with high heels, my hair very *lâche* and very little make-up."

She does indeed look a picture. Papa, the Marquis de Galard Terraube, thinks she looks so lovely in it that he decides to buy the dress for her and it is now her very own. No longer will she have to rely on borrowing from the couture houses. Eléonore de Rohan-Chabot finally has become a real-haute-couture customer.

Photographs by Jim Jenkins

Eléonore de Rohan-Chabot in the navy-blue chiffon evening dress from the Chanel haute couture collection

Out in the Tuileries walking lots, a present from her husband, Eléonore wears black leggings, her husband's white shirt, a black waistcoat and a long cardigan found by rummaging through second-hand stalls in the Barbés

Out to lunch with a girl-friend: Eléonore wears simple navy-blue trousers and jacket from MaxMara, a present from her mother, and over it a red wool jacket with sequins from the Chanel prêt-a-porter collection, £1880. With it she wears Chanel boots and handbag

CONTENTS

Alice Rawsthorn and Ian Rodger profile five of the leading lights in the high-profile world of luxury goods

Arnault proves worth the wait

BERNARD ARNAULT

THERE is almost always an irritating delay before the beginning of any Paris *haute couture* collection, but the audience at this summer's Christian Lacroix show was forced to wait for even longer than usual.

Eventually a slim figure edged his way to one of the little gilt chairs on the front row. Bernard Arnault had finally arrived and the Lacroix show could start in earnest.

Arnault, 44, is chairman of LVMH, the company behind a string of prestigious products from Hennessy cognac and Christian Dior cosmetics to Christian Lacroix couture. He made his name in the 1980s as one of the bright young entrepreneurs who sprang from the bureaucratic ranks of French industry and is now established as one of the most powerful people in luxury goods.

In the early days Arnault was best known for the ruthlessness with which he fought – and won – the battle for control of LVMH. He then went on, with his army of accountants, to shake up the business by scrutinising once-sacrosanct expense claims and hiring, or firing, designers. One employee recalled asking him out to lunch only to be told, "But what would we have to talk about?" Others remember, or would rather forget, his constant home telephone calls even on Christmas Day.

These days Arnault stresses the softer side of his nature. His publicists are fond of saying that he always *really* wanted to be a concert pianist, as if the LVMH chairman had stumbled into the grubby world of business by accident.

But the ruthlessness is still there, as his rivals at Yves Saint-Laurent discovered this summer. YSL has been mired in law suits since the French champagne industry objected to the name of its new fragrance, Champagne. And who runs the biggest champagne business in France? Arnault.

From hippy to head man

JEAN-LOUIS DUMAS

THESE DAYS Jean-Louis Dumas, chairman of Hermès, looks like one of his company's own best advertisements with his hand-made Hermès ties tucked neatly into immaculately-tailored suits.

Things were very different back in the 1960s when Dumas, then a young law graduate, set off with Rena, his wife, in their battered old Citroën 2CV to follow the hippy trail to Kathmandu. He paid for the trip with the pittance he earned by writing articles for the *Pakistan Times*.

Dumas, 55, bears few traces of his hippy youth. He might have inherited his position at Hermès – as one of the 17 great-grandchildren of Emile Hermès, the Parisian tanner who founded the company in 1837 – but he learnt the luxury trade the hard way.

He began with a two year apprenticeship as an assistant buyer at Bloomingdales, one of the biggest and brashest of the New York stores. He left Manhattan for the more rarefied atmosphere of Hermès in 1964 and by 1978 had become chairman and chief executive.

His timing could scarcely have been better. He took over the family company on the eve of the 1980s boom. He masterminded its transformation from its original base, as a Paris leather goods maker, into one of the world's most successful luxury goods groups.

Dumas expanded Hermès without compromising its reputation for quality. He might have made more money in the short term had he licensed its name to other manufacturers. But he realised that the key to Hermès' long term success was its exclusive air.

He was right. Hermès has weathered the recession better than most of its competitors. It has also emerged unscathed from the swing in consumer taste away from the excesses of the 1980s, back to the idealistic ethos of Dumas' youth.

He liked it so much, he wears the company

JOE KANOUI

JOE KANOUI adores luxury goods.

"If I were in the nail manufacturing business, I would be rich because I would not buy so many of my products," he says wistfully. "But they are so beautiful!"

It is just as well. Kanoui is chairman of the new Vendôme luxury goods group formed in August by putting together the luxury goods interests of Richemont, the Swiss holding company based on the South African Rupert family's Rothmans tobacco fortune.

The main components of Vendôme are the legendary Cartier jewellery maker, which has been rebuilt in the past two decades by Kanoui himself, and the Dunhill tobacco and leather products company.

Kanoui, a French merchant banker by training, wears and carries goods made by all the group's subsidiaries with enthusiasm, even a Dunhill pillbox "now that I am getting older."

He decamped from Paris to Geneva in the late 1960s to set up his own business. He soon found himself faced with the opportunity to reunite the Paris, London and New York outlets of the venerable Louis Cartier jewellery maker, which were under separate ownership.

It took him and his financial partners, who included the Rupert family, six years to complete the restructuring, establishing a headquarters in Geneva and concentrating the production back in Paris.

He has headed Cartier ever since, broadening its range to leather goods and accessories and enlarging its retail network from 10 to 100 owned shops around the world. Sales last year topped £700m.

Throughout the 1980s, both Rothmans and Cartier continued to expand their luxury goods lines, adding such well known names as Piaget and Baume & Mercier (watches), Montblanc (pens), Chloé and Karl Lagerfeld (women's fashions) and Hackett and Sulka (men's clothing).

Along the way, Kanoui has evolved something of a theory of luxury goods. He attributes their popularity to "man's basic need to affirm his identity, to distinguish himself from others," and cites the early and strong demand of the Japanese for famous brand goods.

But, one objects, when so many Japanese women carry a Louis Vuitton bag, where is the distinction? "If you make something for all, it no longer has luxury," he replies without hesitation.

"Above all, you must avoid thinking that expensive things are necessarily luxurious. Caviar, for example, is not a luxury good, merely an expensive consumable."

In his view, a genuine luxury product must be instantly recognisable, like a Dunhill lighter or a Mont Blanc pen, and it must be authentic, rooted in history, like the bejewelled Cartier panthers.

Obviously, luxury goods must be of the highest quality, made to endure. He claims to have a watch his grandfather bought from Louis Cartier himself – and it still works. "I hate throwaway things, like matches," he says.

He recalls Cartier eight years ago making a key case for a Rolls-Royce car owner. It was fashioned in the shape of the car, with diamonds for headlights, rubies for rear lights, and sapphires for door handles.

"It probably cost as much as the car, but it will turn up in Sotheby auctions long after the car has disappeared."

Secret behind Chanel's success

ALAIN WERTHEIMER

ALAIN Wertheimer is one of the richest and most powerful men in the luxury industry, yet almost nothing is known about him. Wertheimer is the sole owner of Chanel, the Paris fashion house founded in Deauville during the First World War by Coco Chanel which is *the* role model for luxury companies worldwide.

Yet while his peers blow air kisses to their favourite designers from the front rows of the *couture* shows, Wertheimer has done everything he can to ensure that he is left to lead his life – and run his business – in deepest secrecy.

Wertheimer never gives interviews. There is no reference to him in the French *Who's Who*. Chanel (ever so politely) refuses to release any information about its owner. It even pays a special annual fee so that the accounts of its Swiss holding company are free from public scrutiny.

This super-secretive style seems to have done no harm to Wertheimer, nor to Chanel, in the publicity-hungry world of luxury. When he took over Chanel in 1974 its only real asset was Chanel No 5, which had been one of the world's best-selling perfumes ever since its launch in 1924 when Pierre Wertheimer, Alain's grandfather and one of Coco's admirers, bought the rights to her first fragrance. But the fashion house itself was, as an editor of the era put it, like "Seconal City" with "one foot in the grave and another on a banana peel".

Wertheimer's solution was to appoint Karl Lagerfeld, the German, as chief designer of Chanel. The theory was that Lagerfeld's collections would bring back Chanel's élan and generate pages of free publicity, allowing Wertheimer to make even more money by selling its scents and accessories.

The theory has paid off. Wertheimer has turned Chanel into a company with sales of around \$500m (£331.1m) a year – without forfeiting his privacy.

Smooth progress to the top of his trade

NAIM ATTALAH

THE FIRST time that Naim Attallah walked into Asprey of Bond Street was back in 1971 when he went there to buy a carriage clock for his wife. He fell into conversation with the shop assistant, a young man named John Asprey, who persuaded his father to offer Attallah a job.

Attallah, 61, is now the chief executive of the Asprey group. He is best known as the indulgent owner of the *Literary Review* and of Quartet Books and as a publisher with a penchant for employing blue-blooded gels.

Yet he has been involved with Asprey since the early 1970s, initially as a consultant and latterly as the architect of its expansion from the original Bond Street gift shop into a fully-fledged luxury goods group. Asprey today includes a string of prestigious businesses, from Mappin & Webb, the silversmith; to Garrard, the crown jeweller; Watches of Switzerland, the watch shops; and a stake in Tomasz Starzewski, designer darling of London's ladies-who-lunch.

Naim Attallah still prefers to see himself as a patron of the arts, rather than a businessman, but seems to revel in his role at Asprey. His new responsibilities seem to have done nothing to diminish his enthusiastic manner, nor to cramp his style. He still appears at his office each morning in his customary uniform of odd socks, knuckle-dusting rings, a (very expensive) watch on each wrist and a psychedelic silk tie.

A quick glance at Asprey's accounts justifies his *joie de vivre*. Asprey of Bond Street has always concentrated on the very top of the luxury market by becoming *the* gift shop for the fabulously wealthy Asian industrialists and Arab aristocrats.

Asprey has been sheltered from the problems that have beset its competitors for years and Naim Attallah, reluctant businessman though he may be, has done deal after deal to take it into yet more areas of the luxury goods business.

Tony Andrews

Order of the boot: Rudolf Schneider with his sought-after riding boots

Colin Beere

If you want to get ahead get a hat: Patey, of London, specialises in hand made products

Hand made in Britain . . . but at a price

Across London craftsmen are still creating top-quality products, says ***John Morgan***

ONE OF the great misconceptions of our time is that the British are no longer any good at making things. Happily, the British remain skilled manufacturers, particularly of top-quality made-to-measure goods.

Across London there are still small craftsmen creating beautifully made luggage, shoes, riding-boots and hats.

It is possible, not only to buy top quality, traditional luggage, but also to commission your own special portmanteau from companies such as Tanner Krolle. "We are one of the few companies in the hand-made leather industry still able to offer a bespoke service. We see each bespoke item as a challenge and take great pride in being able to make our client's dreams come true," says Philip Davis, managing director.

Commissions have included a hand-crafted case to house an old master painting; a made-to-measure compartmentalised suitcase that serves as an office, an overnight bag and, most important, a seat on which to rest in between airline connections; and a jewellery case in leather, tanned specially to a client's wife's favourite shade of blue. The firm's work is distinguished by excellent materials ranging from bridle-hide to ostrich, solid frames in tempered steel and proper brass locks.

The same high standards of craftsmanship are apparent in the work of case maker Simon Baker, a former fashion designer who abandoned the fleeting charms of plastic for the more enduring appeal of leather.

"The British craftsman has always had a vocational attitude to his work, and will go to great lengths to produce the perfect item," says Baker. He says he senses a revival of interest in durable, artisan-produced goods. Baker studied leather construction at Cordwainers College in London and, after a period as a restorer, perfected a method that combines the best of traditional Victorian craft techniques with lighter materials and more contemporary construction. Everything is stitched by hand and lined in leather. His work is handsomely robust and is generally made from the most hard-wearing bridle hide he can find. It is especially popular with photographers, who order portfolios and cases with special compartments to carry equipment. Other commissions include a case that combines the facilities of an attaché case an overnight bag and a large music case. "If people can draw, I can make it," says Baker, whose prices start at £400.

Britain also produces bespoke shoes. Some of the most beautiful are made by Cleverley in London's Royal Arcade. The shoes are distinguished by a wonderfully elegant chiselled toe and its products have graced the feet of Sir Laurence Olivier, Gary Cooper and Clark Gable and boast a committed following. "There is absolutely no substitute for a bespoke shoe," says director George Glasgow. The shoes are made the same way today as they were at the turn of the century. Glasgow, and his partner John Carniera, go to enormous lengths to "jiggle the twin imperatives of shape and comfort. A new client is shown around thirty basic styles from which he decides exactly what he wants. His feet are then measured and a last carved. A paper pattern is then cut to fit the last and the shoe is cut-out." A meticulous process follows involving five craftsmen and several fittings before the shoes are completed. Cleverley charges £750 which, although pricy, is considerably less than other better known makers and is excellent value for money.

Also excellent are British-made riding boots. Some of the best are to found at Schnieder Boots in Clifford Street, London W1. Rudolf Schnieder is a third generation bootmaker who, as his name suggests, was originally from Germany, but found Anglo- Saxon life so "fascinating" that he settled in England.

He says: "The British make very good craftsmen because they still take their glorious past seriously and feel almost patriotically-obliged to do a good job."

Schnieder's firm makes a vast range of of boots of all equestrian types for clients including royalty, the army and several Olympic teams. His bespoke boots are incredibly dashing, are made entirely by hand and fit like a glove. They also bear the princely price-tag of £2,000. For less well-lined pockets there is a range of factory made-to-measure styles, from £600, and sets of ready-to-wear models in 11 different fittings for as little as £239.

Made to measure is of course not restricted to leather goods. British handmade suits and shirts are justly famous, but many might be surprised to know that it is still possible to order bespoke hats.

This steamy craft endures at the Dickensian premises of S Patey. Patey makes top hats, academic mortar boards, riding hats, bowlers and all manner of ceremonial headgear. The hats are made-to-measure using an elaborate machine called a comformater. All the manufacturing processes are done by hand and involve building ad shaping layers of shellac-impregnated cotton into elegant headwear that exactly fits and flatters in the way a soft off-the-peg hat never could. Prices start at £125.

Even the smallest sartorial embellishments can be custom-made.

Longmire, in St James's, London, hand-enamels or engraves cufflinks and blazer buttons to order. The firm obligingly claims to be able to depict any subject including a coat-of-arms, family crest and tartan, a pampered pet, a favourite sport, hobby, car or painting, corporate logo, racing colours and yachting burgees. The workmanship is of a very high standard: a single design can take up to three days to be immortalised in miniature. Prices start at £1,000.

Finally, the edible custom-made accessory: the monogrammed chocolate. Gerard Ronay, Britain's most recherché and expensive chocolate maker, will embed initials or other simple designs on after-dinner bitter chocolates,(£22 per pound plus £1 per chocolate personalised) and will even produce a personalised box actually made of chocolate (£20). Self-indulgence indeed.

■ *John Morgan is Associate Editor of GQ Magazine.*

CAPITAL SPENDING

A little essential luxury

Brenda Polan on life's important non-necessities

MOST PEOPLE, when asked to name a luxury, hesitate only briefly before gazing into the middle distance and allowing covetousness to carry them away. A private jet, they mutter dreamily. A house in St Paul de Vence. An entire set of Vuitton luggage. A yacht. A Rolex. A magic no-bills platinum Amex card. A Bulgari necklace. A Chanel handbag. A Rolls-Royce. A driver. servant.

Certainly they are all luxuries. But they are great luxuries, the things daydreams are made of. Push someone on life's little luxuries and, for a moment, they are likely to be perplexed. A Bulgari ring? One piece of Vuitton luggage? No, life's little luxuries are the real thing.

They are not daydreams. They are the vitally important non-necessities without which life would become, if not dreary and desperate, then drab and difficult. They are the expenses which Mr Micawber would not incur.

They are such little things. But they make such a difference. Most of them are about convenience. They are the cost of car parking in central London. They are the washed, prepared vegetables from Marks & Spencer which permit 15 more minutes in bed before the Sunday pot roast has to be slammed into the oven. They are the Fauchon individual souffles which go into a cold oven at 20 minutes to eating time.

They are a private fax, an American fridge, an extra four hours of the cleaner's time the morning after a party, still eating dinner in restaurants, paying the bills on the second car so the children never take the first, the laundry service, car-valeting, constant hot water, a telephone in every room, tights by the boxful.

The luxuries of convenience vary from person to person. Women will value a taxi to the door because it keeps their Emma Hope velvet shoes from too bruising a contact with the pavement and spares anxiety concerning strangers. Men, on the other hand, have no such apprehensions and often find the Tube quicker. However, while a woman might grudgingly wield an iron if her clean American percale cotton sheets depended on it, a man might be certain the end of his world was at hand should the laundry close. For all, though, convenience is a matter of time and comfort. It is an intensely rational motive.

Other motives for insisting on life's little luxuries are less so. Take the luxuries which are about certain standards. They are little differences by which we define ourselves, which ensure that we stand out from the herd.

They include: travelling first-class; picking up the bill; Chanel cosmetics; hardback books; buying not renting videos; a bottle of good wine with a take-out pizza; keeping up one's membership to a club one never uses; Laurent Perrier in the fridge, and tipping generously.

These are also about expert knowledge and insider information. This kind of luxury is about paying a little more than necessary for something which other insiders will recognise has been bought as a consequence of expert knowledge.

These luxuries take in Armani spectacle frames, Herbert Johnson's roll-up panama, a Brigg umbrella, bespoke shoes from Lobb's, a travelling writing case from W&H Gidden, a Parker 51 fountain pen, fruit teas from Wittard of Chelsea, a Mason & Pearson hair brush, Glycerine and Rosewater soap from Woods of Windsor, a subscription to *World of Interiors*, a blanket jacket from Ralph Lauren, fresh flowers and Eva Gunderson to arrange them, an Aga, an amber necklace from Cobra & Bellamy, Lorna Wing to make your canapés and, failing that, Gentlemen's Relish.

Others are little indulgences, kindnesses to ourselves which make us feel loved.

This is known as the feel-good factor and is held to bolster confidence, effectiveness and a sanguine temperament.

These are the luxuries without which, many women are convinced, life would be unendurable. Numbered among them are: lots of time in the bathroom and plenty of shiny jars on the bathroom shelves; an occasional day in Harrod's beauty salon; a weekly manicure; scent by Guerlain; a new Georgina von Etzdorf scarf twice a year; Emma Hope shoes; La Perla underwear; a Pringle cashmere dressing gown; regular lunches with a girlfriend at Le Caprice; therapeutic afternoons in Joseph; fine china and fresh croissants for breakfast; crystal glasses on the supper table and *Vogue* every month.

Whichever category a little luxury falls into, it only qualifies if it is habit-forming, if the mundane but adequate alternative becomes quite unthinkable.

My mother simply could not drink tea out of a mug. It had to be a china cup with, most emphatically, a saucer. A friend cannot sleep under sheets and a blanket. It must be a goose-down duvet. Another friend cannot, she swears, live without a view of trees as she draws back the morning curtains. I must leave home with my my car or I will have an anxiety attack along the lines of "how will I ever get home again?" Silly, but necessary.

Watch this (pricy) space

It's seconds out as Richard Garnier takes time to visit watchmakers

GONE IS Lady Doodah's wristwatch, the one given to her by her doting husband years ago and carried off by the burglar last month. So, she who thought that little gold number would do for life, is forced to seek a new watch, or even two: one for evening; and one for day wear.

And gone, too, is the notion of the watch for life, be it in steel, gilt-metal or gold. Many of us these days sport different models to suit our mood, pretentions and aspirations.

Gone, too, is the 1950s complicated calendar watch to the dealer at the back of the room – who will, of course, sell it to a vintage watch collector.

But not gone, very much thriving, is the desire for the latest models. We could all and, at some stage probably do, wear a classless Swatch – be it plain, chronograph or automatic type – but let us look at luxury watches as it is these personal statements that reveal so much. As with much luxury buying there are cult forces at work and so let us try and establish who buys . . . and for whom.

9am. Lady Doodah, making an early start, is through the shop door within minutes of opening time. Her quest for a replacement gold watch, small and neat, traditional yet beautiful, is answered by a Baume & Mercier's gold quartz bracelet watch at £2,990.

9.30. Almost as early is Camilla, swept in by her mother "never be able to park otherwise, darling", to find a watch of suitable elan to carry her through the vicissitudes of the Season. They are instinctively drawn to Cartier and the tank watch – in vermeil (silver gilt) at £700. The origins of this design go back to the tanks of the First World War, although Camilla may not realise this, whereas her brother, Max, a graduate trainee in the City has already been attracted by the conscious revivalism of the Bill centenary watch, resurrecting original Bill designs of the 1930s – priced in a range of six designs from £1,900-£2,500 in gold – but he went for the steel range at £445-£795.

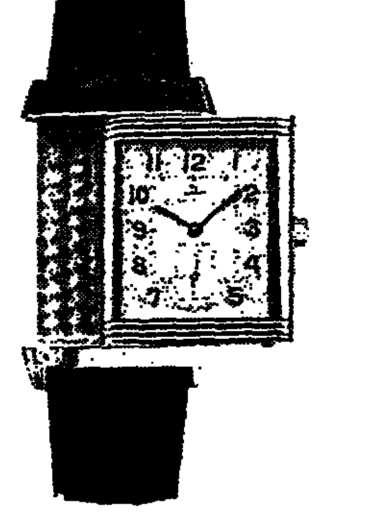
10. On his way to opening his own shop, Miles a successful antiquarian book dealer, is guided towards a marque with style and history. Breguet, founded in 1775 by the greatest watchmaker ever, fits the bill with its recreation of 19th century pocket watch models as modern wristwatches. He plumps for a gold automatic moonphase, calendar strap watch at £15,450, with the indicators placed eccentrically on the finely engine-turned silver dial.

10.30. Brad, the north-American yachtsman, hoves to but needs no steering towards his choice of a Corum Admiral's Cup bi-colour automatic strap watch with tidal indication for £3,905.

11. Just as unmissable in a camel coat and slick suit is Winston, on the up and needing a watch to complement his gold jewellery. He decides to pass on a Rolex Oyster day-date watch with a diamond-studded dial at £10,545, in favour of a Cartier Panther diamond bezel black-dialled quartz bracelet watch at £12,500.

11.15. Avuncular Archibald has arrived by appointment with only 10 minutes to spare in his busy schedule. He is choosing the watch that he will be given on his imminent retirement as chairman of the board. He is seeking the equivalent of his father's gold half-hunter and settles on a Patek Philippe plain Calatrava with its craftsmanship, quality and unsurpassed performance – an heirloom for the future at £4,325.

11.30. But in no hurry to decide is His Excellency the Chief from Nigeria. His choice narrows eventually between a gold Rolex with diamond bezel and diamond pavé bracelet at £35,385 and a white gold and



A little bit of luxury wrapped around your wrist: the Jaeger-LeCoultre bi-colour Reverso strap watch, £3,955

diamond set, black opal dialled, bracelet watch at £73,710 by DeLaneau.

Midday. On his way to lunch, Freddie an ebullient 18-year-old from Chelsea, is here to scout out what's what after passing his A-levels. He selects a Rolex Oyster Automatic steel bracelet strap watch at £1,430.

12.30pm. Norman and Patsy, both keen golfers, are in to buy his 'n' hers watches to celebrate their improving handicaps. They are naturally attracted by the sportif Ebel range, but choose the Senior Sport quartz bi-colour watches at £1,200 (his) and the similar ladies sports watch at £1,050 (hers).

1.15. Arriving in a taxi is the Brigadier to get a new battery quartz for his 18 carat Omega Deville quartz watch on a strap (price £875) which had attracted him originally because of its clear dial with sweep second-hand and date.

1.30. Marc, the young City dealer, is in to get a Tag Heuer GMT professional watch, waterproof to 200 metres and advertised as for those who "Don't crack under pressure" in gold plate on a leather strap at £475.

2. Monty, on his way back to Harley Street, has been consulting at the hospital all morning. He appreciates IWC's quality and understated design linked with total functional reliability but in the brief time he has available cannot yet decide between two perpetual calendar strap watches: a Novecento yellow gold rectangular watch at £10,890 and a circular white gold Da Vinci chronograph stop watch at £12,000.

2.30. Chris, on his way back to his City desk from lunch, fancies himself as an outdoor type. His peers will appreciate his choice of a Breitling Chronomat, tachometer chronograph, blue faced and blue sharkskin strapped in steel and gold at £1715.

3. Helen is being treated to a sumptuous 25th wedding anniversary present and is immediately ravished by Blancpain's classic mechanical strap watch in combinations of precious gems at £57,450 because it will complement her existing jewellery so well but decides to contain herself to a £17,900 "Bagnoire" automatic bracelet watch by Cartier with triple-row diamond brilliant bezel.

3.30. Norma, who has rather more immediate needs, having just won the pools in a big way, loses her heart to a fantastic gem-set watch by Piaget at £208,875; the diamond pavé dial surrounded by marquise diamond petals extending into the flexible emerald bracelet.

4. Sapphire, recently flown in from LA to appear on a television chat show, just loves René Boivin's range of "Chrysallis" watches on coloured crocodile straps which transform from day watches into jewelled cocktail watches by means of a sliding movable segment round the bezel. She goes, of course, for a sapphire-set example at £12,345.

4.30. The shop is full of shortish dark men in dark suits. From their midst emerges Sheik Mehmed, just returned from his success in the Breeders' Cup in California to buy a present for his trainer. His choice falls on the timelessly elegant, fashionably revivalist, yet understated rose gold automatic power reserve strap watch by Vacheron Constantin at £6,550.

5. Risking parking on the double yellow lines outside the door, Simon rushes in to choose a watch for his wife, Jane, who has just given birth to their third child. His attention is caught by an Asprey gold watch with diamond bezel and diamond dots for the numerals, on a black crocodile strap at £3,395.

5.15. With an eye for lasting quality, Paris, a fine art publisher, makes his aesthetic choice a second-hand quality watch – a Patek Philippe yellow gold watch from the late 1940s at £5,800.

6.30. The guests for the Christmas customer evening are arriving.

Jonathan, now married to someone richer than himself, is being cajoled into upgrading his old Rolex for a Patek Philippe Calatrava with hobnail bezel at £4,935.

Aimée, perhaps not so permanently attached, is being pressed by her ardent companion to accept a Happy Diamond quartz strap watch by Chopard at £1,920. Three freely spinning diamonds can move about in the glazed zone between the diamond-edged dial and outer bezel.

Kevin, aglow with the success of his

Leather-strapped version of the TAG Heuer GMT specialist timepiece

latest deal, originally had in mind an image-conscious gold Rolex Oyster day-date bracelet watch (£9,335), but was seduced by the class of the uniquely styled Garrard 150th watch, limited to 150 pieces and presented in a sterling silver box, celebrating the royal appointment as Crown Jewellers 150 years ago, for £10,550 in gold.

Jo, media personality, single and 30-something, carries off a Jaeger-Le-Coultre smaller man's sized bi-colour mechanical Reverso strap watch. Launched in 1931 it epitomises trends in watchmaking, giving homage to the past, proving that good design is enduring and that luxury was never transient.

NB POWER

to proceed.
in the Ukraine, unable and
Electricité de France, told the

Global groups win out

Smaller houses are losing their independence, says ***Alice Rawsthorn***

WHEN a rowdy group of grape growers burst into the opulent Inter-continental Hotel in Paris this summer to shout "Thief! Thief!" at the dapper figure of Pierre Bergé, chairman of Yves Saint-Laurent, it looked like little more than yet another outburst from France's stroppy farmers.

Yet the grape growers' protest was only the start of a lobby by the French champagne industry against YSL's decision to call its new fragrance, Champagne. A French court last month ruled against YSL by banning it from using the name in France. YSL is appealing. If it loses again, YSL, which also faces similar cases in Britain and Germany, may face writing off millions of pounds that it has spent on the launch.

The Champagne affair is a blow for YSL and for Elf Sanofi, the French pharmaceuticals company that bought it this spring. It also casts a cloud over the rest of the luxury goods industry.

YSL is not the only famous name in luxury to have forfeit its independence this year. This autumn, Maurizio Gucci this autumn lost control of his family's leather company after a bruising battle with Investcorp, the Arab investment consortium. Dunhill, one of biggest British businesses in the sector, has been merged into the Vendôme group with Cartier, the French jeweller, by Richemont, their secretive South African parent company. Kenzo, another French fashion house, has sold out to LVMH, the French group which also owns some of the champagne houses now fighting YSL.

Yet other companies have emerged unscathed from the industry's difficulties. Hermès has continued to expand. Asprey has built on its base as an exclusive gift shop on Bond Street, London, by buying a string of jewellers. Jil Sander in Hamburg and Prada in Milan have been building up their fashion businesses.

These companies are all tightly focused operations that have carved out discreet niches in the luxury market. Hermès' success is rooted in decades of investment in craftsmanship and quality. Asprey has flourished by positioning itself as *the* gift shop for the 30 or 40 people in the world who are so rich that they have barely noticed the recession. Jil Sander and Prada are both renowned for the understated fashions that have come to the fore in the early 1990s.

But the real winners in the luxury industry this year have been the global groups that emerged in the 1980s. The doyen is LVMH, the French company assembled by Bernard Arnault in a 1980s bid battle, which is a force in fashion, cosmetics and luggage through Christian Dior, Christian Lacroix, Givenchy and Louis Vuitton, as well as the recently acquired Kenzo.

The other contenders are Vendôme, which owns Baume et Mercier and Piaget, the watchmakers, as well as Dunhill and Cartier; Investcorp, which already owned Tiffany, the famous New York jeweller, before taking over Gucci; and, after its recent acquisitions, Asprey. Meanwhile, the beauty market is dominated by France's L'Oréal, Estée Lauder of the US and Elf Sanofi.

Most of the global groups have been affected by the recession. But they also have the advantage of scale: their activities are so broadly-based that they are less vulnerable. LVMH has compensated for losses on Lacroix and its ill-fated fragrance, C'Est La Vie!, with the success of Dior's new Dune perfume and Vuitton's *cuir épi* collection.

L'Oréal has been burnt by its investment in the relaunch of Lanvin, the French fashion house. But Lanvin's losses should be offset by the profits from the record-breaking launch of Giò, the new Giorgio Armani perfume. Cartier's performance has helped Vendôme to counter Dunhill's difficulties in the Japanese market.

These companies, along with the other survivors in the luxury trade, should soon be able to benefit from less difficult competitive conditions as economies edge out of recession. The European market is still under pressure but the US scene is more encouraging. Barneys opened a stylish new store in uptown Manhattan in September and it has got off to a roaring start. Other US stores were busy buyers at last month's Paris and Milan fashion shows.

The growth of the emerging Asian economies – South Korea, Taiwan, and even China – is helping to offset the downturn in Japan. In theory the whole industry should be helped by the new Asian markets, but in practice it will probably be the larger groups that benefit most. They have the resources to meet the start-up costs. Also, the bigger companies have, so far, been first to take advantage of the luxury market's new-found stability by investing in new product launches.

YSL's dilemma shows just how vulnerable the smaller houses have become. One of the main reasons behind its decision to sell to Elf Sanofi was that, as an independent company, it could no longer afford to compete in an industry where it can cost $500,000 to stage a fashion show and $50m for the global launch of a fragrance.

Thanks to Elf Sanofi's support, YSL was able to press ahead with the launch of Champagne, its first new women's scent since Paris in 1973. That support now seems even more important in the light of the Champagne court case. If YSL loses the legal battle, Elf Sanofi would, at least, be big enough to absorb the potential losses, which could have been crippling for YSL in its old guise as an independent company.

My dear, you can smell the money

Josephine Fairley *monitors the Loughley-Cash family on a spending spree after a big insurance payout*

ARAMINTA Loughley-Cash's mother had always instilled in her that every cloud has a silver lining. "Positively platinum – in this instance," mused Araminta, fingering the generous insurance cheque intended to replace every last stick of inherited furniture, hideous ancestral portraits and *demodé* jewels which had so recently gone up in smoke.

Luckily, nobody had been hurt (although Lloyd's, it appeared from the number of zeros on the end of cheque, had been somewhat singed). As it turned out, Araminta and Harry Loughley-Cash had overnight become the envy of their Kensington contemporaries, who rather yearned to throw off their Puffa jackets, chuck out the chintz and have *carte blanche* to reinvent themselves in the fashionably minimalist 1990s.

Araminta planned to begin in Bond Street, with her eldest daughter, 21-year-old Eloise, in tow. They would start, she vowed, with Gucci, where Araminta had her eye on a chic half-moon shaped Mezzaluna shoulder-bag in butter-soft black suede, before progressing on to Chanel.

Eloise, who usually shared her generation's nonchalance about timekeeping, had grown positively punctual at the prospect of acquiring Chanel's newest status timepiece: the square-faced, quilted-strap Mademoiselle. For her son Caspar, Araminta had earmarked Tiffany's stainless-steel-strapped Streamerica watch, with time zone windows enabling him to work out precisely when to call his globe-trotting friends. But in the time-keeping department, 10-year-old Celeste was easiest (not to mention cheapest): a Beauty & The Beast Disney special, which would have her contemporaries in the Lower Third aching with envy.

How grateful Harry had been when Araminta had offered to re-equip their life, and the empty modern Chelsea Harbour apartment they had rented. Personally, after a lifetime spent rearranging bibelots, Araminta would have been happy with a Futon Company mattress on the floor, a Baccarat crystal bud vase and a single rose (from Ken Turner), but she quite understood that her family's comfort threshold soared way above her own. Nevertheless, since they were indeed camping for the moment, what better excuse to invest in Hermès "Pippa" campaign wood-and-leather beds for the family, with a portable folding writing desk for Harry? (And so practical, later, for the occasional family safari to the Masai Mara). Who knows, perhaps Harry might finally get round to writing that detective novel he had always dreamed of? So, just in case, she treated her husband to Mont Blanc's limited edition "Agatha Christie" Meisterstuck, with its silver serpent snaking up the shiny black cap.

Of all their losses, Araminta most lamented that of the crisp, crested family sheets, but cheered up enormously on discovering that Thomas Goode could have personalised Irish linen replacements for her in a week. She could not resist the aptly-named Cocoon bed linen, at Harrods, either; how recklessly extravagant (and a tad impractical) to have an all-silk duvet, but frankly, Araminta had tired of hospital corners.

Harry, meanwhile, had been mainly despondent about his collection of hunting and dog pictures, and that very afternoon had an appointment with Dover Street dealer Richard Green, swiftly followed by Kensington Church Street's Lucy Campbell, to peruse some equine replacements. This, Araminta divined, could prove the source of some connubial conflict, since – having trawled Cork Street – she rather fancied a complete change, something large and splashily abstract from Waddington's, or some pencilled nudes from The Fine Art Society in Bond Street.

Not for Harry, then, the total image overhaul Araminta had planned for herself. Wardrobe-wise, it was to be pyjamas from Sulka, socks and boxers from Dunhill and 24 soberly-striped Sea Island cotton shirts from Turnbull & Asser. As usual. She hoped he would like the positively daring paisley ties from Etro that she had picked out. Harry, who knew what he liked and liked what he knew, had wasted no time making a Savile Row appointment with Huntsman for his suits and Gieves & Hawkes for a blazer.. Then he had hopped in a cab to Farlow's in Pall Mall for a new fly-reel, picking up a replacement Barbour on the way. "Can't let a little hiccup like this get us down," chirped Harry, with the fighting spirit that had first attracted her, over mah-jong, a quarter of a century before. All of which reminded Araminta . . . "New playing cards and bridge scoring books, from Smythson's," she scribbled, on the back of the insurance company's envelope.

Their 18-year-old son Caspar, presently studying for Oxbridge at Harrow and rather more Gatsby-ish than his father, planned a weekend raid on Gianni Versace and Emporio Armani (with a pit-stop at Cutler & Gross for sunglasses, having lately shocked his schoolmasters with his godfatherish taste in clothes).

He had patiently informed his computer illiterate parents that to replace his precious (now melted) stereo, he simply had to have an Apple Mac Quadra computer with its own CD player. (Araminta was rather relieved to discover that the "turbo-mouse" he'd also specified wouldn't need a cage).

Meanwhile, Eloise, heavily influenced by the Superwaifs, was fantasising about her autumn wardrobe, planned to the last detail: brown velvet wide-legged pants from Ralph Lauren, a suede button-through waistcoat from Miu Miu (the "baby sister" line from top Italian accessories empire Prada) and suede high-heeled clog boots by Manolo Blahnik.

At these, Araminta rolled her eyes in despair, although she was considerably more cheered by the prospect of a splash-printed, cosy velvet scarf from Georgina von Etzdorf and – to complete the Upper Crustie look – a pair of Cartier's hippyish rimless Madison glasses.

Araminta consoled herself with the thought that Celeste, her youngest, leaned sartorially more towards the sweetly smocked velvets on offer at The White House and Patrizia Wigan, and was positively pining for a velvet-collared cashmere overcoat, from Anthea Moore Ede.

Personally, Araminta had always yearned to indulge herself with couture, but had rarely ventured further afield than dear old Jaeger. This, however, seemed an unmissable opportunity to compromise with the clean lines of a made-to-measure suit (or five) from Robinson Valentine, the design duo responsible for Viscountess Linley's charming going-away outfit, currently luring half of Kensington to cross the river to Wandsworth in quest of perfect tailoring in velvet and satin-backed crêpe.

She also lusted after an unstructured Armani jacket, a frock coat from Georges Rech and, for evenings, a perennially stylish Saint Laurent "smoking".

Then on to Catherine Walker for serious after-dark wear, Janet Reger for her new silk smalls (very smalls, she noted), and a swift, painless £300 on opaque and black lace Fogal tights. In her comfortably elegant Ferragamo heels, Araminta was beginning to feel quite wicked, not at all a familiar sensation in a mother-of-three no longer in the first (hot) flush of middle age.

She hoped that Harry would look up from the cricket reports long enough to notice, and nipped into Les Senteurs for a new fragrance, settling upon Patricia de Nicolai's appropriately sinful-sounding Sacre Bleu.

Replacing the ghastly Victorian family jewels would of course be a piece of cake. Besides, nobody wore tiaras any more. Araminta rather craved a simple cabochon sapphire ring (to match her new navy suit) from Bulgari, a single string of South Sea pearls seen in Garrard's window and a stunning hematite choker from Annabel Jones (where she could not resist indulging Harry with a pair of bee-shaped cufflinks). This, Araminta mused, sipping a pit-stop capuccino at The Berkeley, was proving rather a whizz.

When it came to shopping for their new home – so chic to rent, she thought, now that Princess Anne's doing it – Celeste came along to "help", although it was not long before Araminta gave up struggling to divert her attention away from her Nintendo Gameboy, all the rage in the Lower Third.

To Wedgwood for china – the all-white, basket-effect Nantucket dinner service so restfully understated – and Asprey's, for crystal and cut glass. She had a brief pang about the loss of Great Aunt Eglantine's much-loved picnic hamper, but even Celeste got (temporarily) excited enough in Fortnum & Mason's to abandon Sonic the Hedgehog and pick out a replacement; complete with a tartan rug the size of Rutland.

Upon returning home to their stark chrome and glass abode in Chelsea, Araminta was relieved to find that Harry, ever the good scout, had assumed control in the luggage department. She was thrilled, though not in the least surprised, to discover two huge Louis Vuitton steamer trunks sitting in the middle of the limed wood floor, exuding the delicious smell of new saddlery, containing compartments enough for all her purchases and acting as the perfect temporary wardrobe-cum-dining table. Sweetly, and so like dear old-fashioned Harry, he had even set them with sleek silver candlesticks she had bought from Georg Jensen, and laid out an impromptu supper from The Caviar House.

Eloise was out on a date. Celeste snoring lightly on her campaign bed in the bedroom. It all seemed such a blissfully long way from leafy Kensington, and slaving over a hot Aga. Harry looked up. "You look topping, Minty," he beamed. Araminta had a temporary crisis, realising she could never again lie: "Oh, this old thing? I've had it decades." Her husband sniffed at the air. "And what's that wonderful smell?" Araminta smiled enigmatically and whispered to herself: "It's money, Harry. Money." Mummy had been right.

Calcutt's specialises in quality second-hand riding kit

Guglielmo Galvin

Gifts for the county set

Jonathan Young's presents for the huntin', shootin', fishin' fraternity

COUNTRY people are a tough lot. Ask them to drive a three-ton horse-box, round up a dozen loose bullocks or help with a difficult lambing and they will volunteer without blinking.

Shopping, and city traffic, is another matter. Most blanch at the very thought. Fortunately, there is no need for soulless pavement-pounding. Country sportsmen have an excellent choice of kit, most of which is available through mail-order.

This is just as well, because those who hunt, shoot or fish, need kit – acres of it. Enough to fill tack-rooms, gun-rooms and rod-rooms.

Hand-made riding boots are the ultimate present for anyone horsy but bought from London's West End they cost the equivalent of a half-decent racehorse. Dennis Davies from Gwent will make a hand-made, fitted pair for just £420 (tel: 0495-313045). Alternatively, ring Calcutt's, which specialises in quality second-hand riding kit (0962-760210). The company has a wide range of butcher and top-boots, starting from £120 and £200, as well as red and black hunting coats, breeches and silk toppers for those who hanker to cut a dash at the Boxing Day meet.

A rash of "Cobber clobber" followed in the steps of the hit film *Crocodile Dundee*, and the Australian stockman's wax-proof coat has become ubiquitous. Far more stylish are the traditional rubberised fawn riding mackintoshes, £145 from Exeter Saddlers, 0392-71141).

However, for all aspiring Perditas and Ruperts, nothing can match polo's glamour. A string of polo ponies may be an over-ambitious Christmas gift – unless your beloved is in the Kerry Packer league – but you can start stick-and-balling at the Royal County of Berkshire Polo Club for just £52 for a lesson (0344-890060).

Ask a fisherman why he spends hundreds on his annual Scottish salmon lottery (sorry, holiday) and he will smilingly reply that there is more to fishing than catching fish. What he will *not* admit is that all fishermen are tackle junkies. Farlow's of Pall Mall (071-839-2423) is their London Mecca, stocking everything from exquisite gold fly-reel cuff links (£450) to monstrous steel reels for 1,000lb marlin (£475). But beware. Rods and reels are highly personal and it is easy to gaff.

Orvis UK (0264-781212) stocks an intriguing selection of fishing accessories, from soft leather salmon fly wallets (£18) to a leaded staghorn priest for administering the last rites (£12). Their clothing range is equally extensive, with a set of silk longjohns and vest at £56.

More peculiar, but fun, are the "Wet Gun Dog" after-shave (£12.50) and the magnificent Cracker Thrower "which propels two Ritz crackers at amazing speeds, providing a fabulous challenge for even the best shot" (£18).

It is hard to find many other cheaper items for keen shots. Shooting kit is restricted, but expensive. Those who are still smarting after Lloyd's insurance losses might jib at the £30,000 to £35,000 now asked for a Purdey or Holland & Holland shotgun, though they are the best that money can buy.

For those who were in a bad syndicate the hand-knitted shooting stockings with the knitted legend "Damn Lloyd's" might bring some comfort at £27.50, from Almost Unwearoutable Socks, 04346-32283. A similar pair, emblazoned "Bang! Bang!" on one leg and "Bugger!" on the other, might persuade the recipient to seek a series of shooting lessons. Holland & Holland and the Royal Berkshire run courses of six one-hour lessons for £275 and £250 respectively.

It is generally bad form to look anything other than drab at a shoot, the only exception being the hat. The old school still swear by Lock's, though there is strong minority following for Herbert Johnson's and Bates, all of St James's, London. Whichever is favoured, always buy one two sizes too large – it will fit perfectly after the first downpour.

Hats for women are more tricky. Unless you want to look like a stable lad ignore caps and buy a proper weather-proof hat which is warm and, most important, keeps your face covered. (A beaming visage has ruined more grouse drives than the average eagle.) Lock's has brought out a new ladies' range which the company will trim with feathers from your own pheasant (£100). These are gorgeous enough for Ascot but pretty bright for the field. Stylish and more subdued are the ladies' deer-stalkers from the Asprey Gun Room (£39, 071-493 6767).

The once-ubiquitous wax-proof coat is still popular, but being rapidly replaced in all country sports by the new generation of Ventile and Gore-Tex jackets. Warm, waterproof and breathing, this new generation of outdoor coats include the no-nonsense Barbour Ventile (£295) and Musto Highland (£270). Both will survive practically anything – even massed labradors in the shoot trailer – and are machine-washable.

The real hit in the shooting world, however, is the new generation of Gore-Tex-lined tweed shooting jackets. Walter *Norton & Sons of Savile Row* produces a splendid affair for £495 off the peg or £680 bespoke (071-437 0829).

If you cannot travel to London, Charles Gale will measure you at home or at the office; his bespoke waterproof tweed jacket, cuffs trimmed with leather, is £395 (0329-237698).

All country people are obsessed with boots. Green wellies are an endangered species, except on Fulham Road. Real credibility is conveyed by black, steel-toed milking-parlour gum boots, preferably composed from different pairs. Far warmer, though, are the leather-lined Chameau gum boots, which are seen on all the best ploughs, even though they cost £107 a pair. The High Church old school eschews even these and sticks to iron-shod hill shoes from Hogg's of Fife (0337-860202) – just £80, but you could expect them to survive you.

No matter how wrapped up, clothing alone will not warm the inner spirit. William Powell (021-643 0689) stocks a prodigious array of hipflasks. The 8oz stainless steel flask is excellent value at £15.95 but for the steadfast sloe-ginners the 15oz solid silver version is a must (£625). Powell also sells sets of four nesting stainless beakers, in a leather case, for £21.95.

Sporting households tend to be manic, only gathering for Christmas Day, the one occasion in the year when no one hunts, shoots or fishes. On Boxing Day they will scatter, but hopefully carrying something lasting to remember you by – other than a hangover.

■ *Jonathan Young is editor of The Field.*

Simplicity: the stamp of modern opulence

Alice Rawsthorn considers the aesthetic of three chic new designers

THE sumptuous 18th century square of Place Vendôme is the historic heart of the Paris luxury trade. It is here that Madonna parks her white stretch limousine when she checks into the Ritz and where Arab princes slip into Boucheron to buy baubles for their mistresses.

A glance through the arched entrance to 16 Place Vendôme reveals a different brand of luxury. An old stable in the courtyard has been turned into a modern building with white walls and an industrial floor to house the European headquarters of Comme des Garçons, the fashion and furniture business owned by Rei Kawakubo, doyenne of avant garde design.

Kawakubo's designs conform to the conventional definition of luxury by being made from the very best materials, finished to the highest specifications and sold at achingly expensive prices. Yet where most luxurious products are steeped in nostalgia, her work, like that of other modernist designers such as Jasper Morrison and Marc Newson, is contemporary in terms of how it looks and the way it is made.

Nostalgia looms large in the luxury trade as do other sepia-tinted terms such as "tradition" and "authenticity". Most luxury companies are at pains to remind clients that they have been around for centuries. Anyone who buys an Hermès silk scarf or a piece of Louis Vuitton luggage is made aware that it carries the legacy of years of craftsmanship and an aura of privilege.

The horses trotting across an Hermès scarf reassure the consumer that, by spending £135 on a silk square, they are tapping into a tradition dating back to 1837 when Emile Hermès made saddles for the swankiest stables in Paris. The traveller splurging £13,860 on a Stokowski trunk from Vuitton knows that it has been made by hand in virtually the same way as when Leopold Stokowski, the conductor, ordered the original 50 years ago.

The affluent shoppers at Hermès and Vuitton are the 1990s' counterparts of the *nouveau riche* 19th century industrialists – described by Corelli Barnett, the historian – who celebrated their new found wealth by copying the lifestyles of the landed gentry. Part of the attraction of an Hermès scarf or Vuitton bag is that they are instantly identifiable as expensive *because* of their association with an aristocratic past.

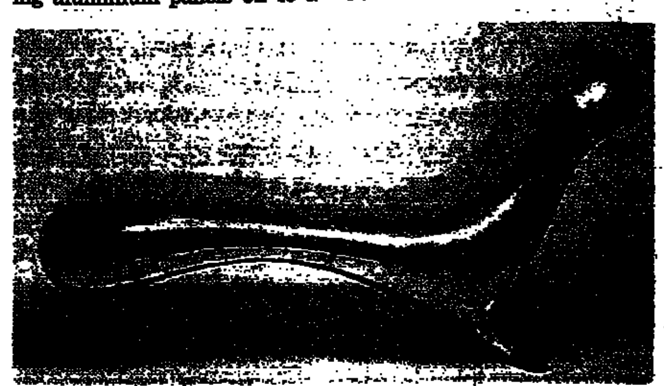
Modern luxury has the appeal of being unequivocally rooted in the present. Prada bags, made from fabric developed for the aerospace industry, have a clean, contemporary look that could only come from the latest technology. The Pleats Please collection of intricately pleated silks developed by a Japanese laboratory for Issey Miyake also have a modern air.

Other designers achieve a contemporary effect through the aesthetics of their work. The Lockheed Lounge, designed by Marc Newson, an Australian working in Paris, is an abstract slither of shiny aluminium which was originally inspired by a 19th century *chaise longue*. The Lockheed Lounge has the same opulent shape as the original *chaise* and, having been made in a limited edition of 10, a similar whiff of exclusiveness.

There the resemblance ends. The Lockheed Lounge is unmistakably modern in style: so much so that Madonna ordered one for her Rain video. But it is made by hand through a laborious process of hammering aluminium panels on to a mould. Marc Newson is now working on a sleeker, streamlined series of aluminium furniture, the Event Horizon table and Orgone chair, which are also hand-made by a special technique first used to make Aston Martin sports cars. "I liked the idea of making something by hand that was so complex it looked as though it must have been manufactured by machine," he says.

Whereas Newson's furniture is unashamedly luxuriant, the Progetto Oggetto range of household objects belongs to the restrained school of modern design. Progetto Oggetto is a collection of everyday products – everything from a first aid box, to clothes hangers and ash trays – commissioned from contemporary designers by Cappellini, the Italian furniture company.

The aim of the range, according to Jasper Morrison, the London-based furniture designer who helped compile it, was that the designers should "reinterpret forgotten products" and that their designs should have "a rational quality so that the function is obvious".



Lockheed lounge by Marc Newson

The result is a collection of subtle objects. The first aid box by Thomas Eriksson is made of lacquered steel in the shape of a red cross. Andreas Brandolini has designed a cunning set of library steps that doubles as a book basket. Each product is meticulously made and extremely expensive: £260.85 for the first aid box and £434.28 for the steps. Yet Progetto Oggetto also marks a new departure for the luxury industry by devising thoughtfully designed, highly priced products that are practical, rather than decorative.

Comme des Garçons' version of modern opulence has the same iconoclastic stamp. The recurrent themes in Rei Kawakubo's designs are minimal styling and technological innovation. The discoloured dresses in her current collection are typical. They are made from patchworks of faded paisley fabric from which the dye has been extracted, sometimes so strongly that the original pattern is little more than a smudge.

The ethereal effect is the result of the latest textile technology. Kawakubo, who for years has worked mainly in black, says that she wanted to create a completely new colour. Hiroshi Matsushita, the Japanese textile technologist with whom she has worked throughout her career, developed a special process to remove dye without damaging the fabric.

The discoloured dresses, with their faded fabric and ragged edges, could scarcely look less like conventional status symbols. Crumpled or not, there is a market for Rei Kawakubo's vision of modern opulence. Her dresses went on sale earlier this autumn at the Comme des Garçons shop in London and sold out.

■ *Marc Newson, 13 rue Saint-Joseph, 75002 Paris. Tel: 331-4508-4743.*

■ *Progetto Oggetto from SCP, 135-139 Curtain Road, London EC2. Tel:071-739-1869.*

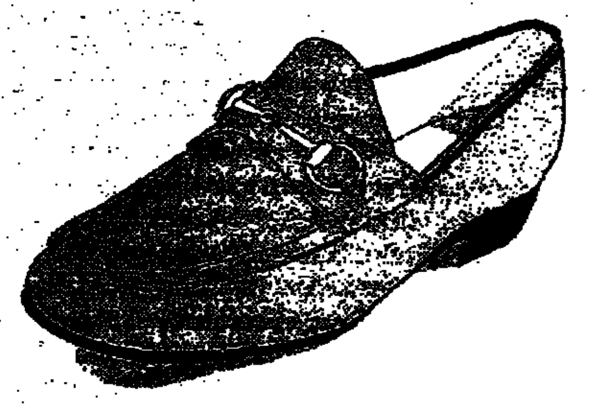
■ *Comme des Garçons, 59 Brook Street, London W1. Tel:071-493-1258.*

to proceed.
In the Ukraine, unable and

Electricité de France, told the

Not so obscure objects of desire

There are some products which command a loyalty, a reverence which is out of all proportion to their usefulness. These are the ones that somewhere along the line have achieved cult status, that are recognised from Kuala Lumpur to Fifth Avenue, from San Francisco to Tokyo. Each has something to offer which is above and beyond any rational assessment of their worth. Here FT writers analyse the perennial appeal of just a few of them



REAL CULT objects can be identified by their stamina. Not for them the sudden onset of instant fame and then the humiliating relegation to the dusty back shelves. They have staying power. These are the names and the labels that can be spotted across a crowded room, that draw their owners *into* a sense of kinship with each other; thus, the Gucci loafer.

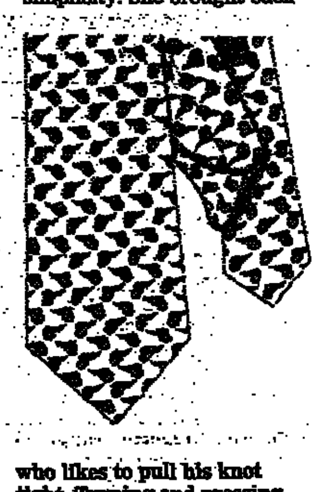
Ever since it was introduced in 1960 the distinctive loafer with the snaffle on the front has been snapped up by modish dressers, by Sloane Rangers, by Voguettes, and by those who simply love a really comfortable shoe. All through the 1960s it sold as if it were one of life's great essentials. Even in the nightmare years when the Gucci logo became so devalued that its sales figures *went into* free fall the loafer sailed serenely on.

For, as with all objects that leap from mere success to cult object, behind the hype there lay genuine quality. Anybody who has ever slipped on one of those soft, featherlight mocassins recognises that here is the perfect all-purpose luxury shoe. It looks good with anything from Levis to sleek grey flannels or a pinstripe suit.

Even Dawn Mello, called in *by Gucci to restore its* tarnished name, felt little need to tamper with the loafer. Handbags were scaled up and down, gilded Gs taken off everything from belts to luggage, but she made sure that the classic loafer was still available in all its original simplicity. She brought back hand-stitching, insisted on quality, toned down the gilt of the snaffle but the basic mocassin has changed little.

The loafer comes in soft novocalf, black, dark brown *or larice (tan to you). It costs* £195 for the men's version, at £170 for women. Those who are prepared to shell out for it say it is worth every penny. Those who cannot are busy buying up the copies that are to be found in every high street.

Lucia van der Post



A *CLUBBABLE* man regards his tie as a badge of recognition and exclusiveness but there is one club that remains exclusive even though *anyone can join. This is the* fraternity of Hermes tie wearers. The phrase "it takes one to know one" might have been invented for the owner of this sumptuous and ultimately frivolous strip of silk. In spite of the company's huge repertoire of designs and the plethora of similar ties from lesser competitors, the Hermes wearer always says he can instantly tell another from the same stable.

What he really means is that he is able to spot another *individual who can justify* spending a minimum of £59 on a piece of neckwear. But he will wax lyrical about the wittiness of the designs, the depth of colour and quality of silk, which sets the Hermes tie above its peers.

Most ties have about four colours; the Hermes tie contains up to eight, and far more on scarf-print designs which correspondingly cost £78. Each shade must be printed on a separate screen. Finishing is done by hand, stitched with one unbroken thread of special quality silk, to allow maximum strength and flexibility for the man who likes to pull his knot tight. Turning and pressing *is a skilled job so the* tie lies perfectly flat; a twist fails quality control.

Ask Hermes owners what it is that makes their ties so special and the surprising answer is the confidence they give. Andrew Wiles, press and public relations director at Harrods, could choose from 60 other brands in the store but picks Hermes. "I bought my first one – a scarf-print – in the 1980s because it was so different from anything else then available. There had been *nothing like it since* kipper ties but this was so much more tasteful."

Avril Groom

THE Hermès Kelly bag was, well, just another bag until the day in 1956 when Grace Kelly, the Hollywood movie star who had just become a Crown Princess of Monaco, appeared on the cover of *Life* magazine with her handbag placed firmly over her stomach to hide her pregnancy.

Hermès received so many orders that it rechristened the bag the Kelly, in honour of its royal patron. The Kelly has been a classic ever since. Year after year thousands of women spend anything from £1,970 for a basic bag, to £33,000 for a Kelly with a few little extras, such as a solid gold and

diamond encrusted clasp. Why, oh why, do they do it?

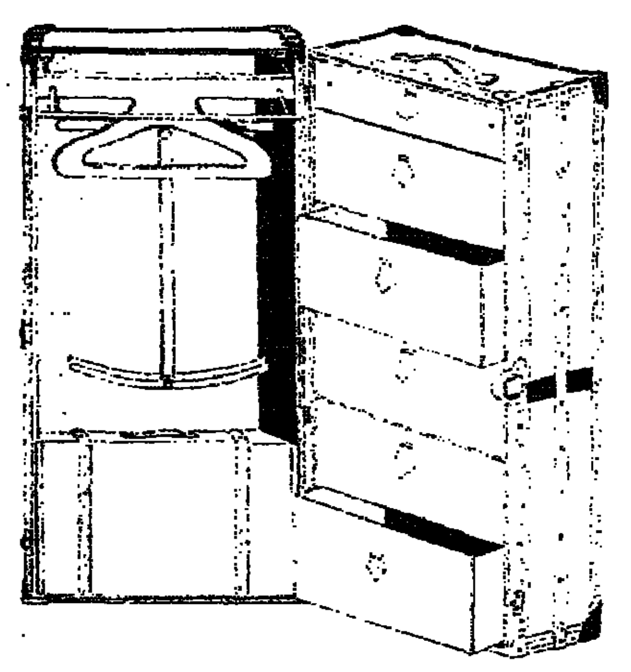
To its devotees the Kelly is much more than just any old status symbol: it is a compelling combination of style *and* substance. Everything about the Kelly says that it is elegant and expensive but also practical.

A dinky *little Chanel bag* might be fine for the babes who only need a couple of charge cards and a change of make-up to get them through the day. But the Kelly is a bag for the woman of purpose: big enough to cram in A4 papers and bulky enough to thwack any mugger.

The Kelly has its roots in the 1930s when *Emile Hermès* designed a daintier version of one of his best-selling saddle bags. The Kelly of today is the product of 15 to 20 hours of handiwork by the craftsmen at Hermès' headquarters in Paris.

Princess Caroline, once the bump that her mother covered with a Hermès handbag, now carries a Kelly of her own.

Alice Rawsthorn



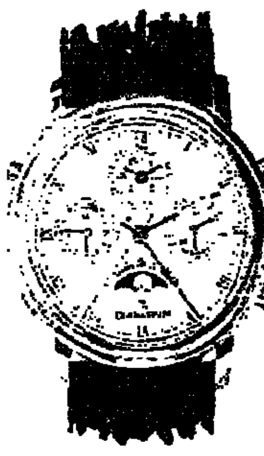
NOBODY buys a Louis Vuitton steamer trunk for sensible reasons. If all you are looking for is something to keep your belongings safe and dry, then there are a hundred cheaper, *less exalted solutions. No,* those who buy a steamer trunk are after more than a practical solution to luggage dilemmas: they are yearning for the golden age of the travelling classes, the years of the transatlantic steamers and the early days of motoring, when travellers were embarking on feats of *derring-do*.

With your steamer trunk you, too, could be heading for Arabian deserts or the African bush, for with the trunk comes the invisible aura of all those long-gone travellers who would never have set off without one – the Empress Eugénie with her voluminous crinolines (they emerged without the tiniest crease) and the Congo explorer Savorgnan de Brazza for whom Vuitton made a trunk that opened into a bed.

The steamer trunk was introduced in 1858 when Louis Vuitton saw the way travel was heading. Stage-coaches were doomed. *Steamers and* railways were the coming thing. Instead of the dome-shaped, cumbersome trunks so appropriate for stage-coaches, flat-topped trunks that could be stacked on top of each other would be much more practical.

They are still made by hand. Each takes up to 60 hours; the *inside is lined with padded* cotton; craftsmen tap in the nails one by one; and all have a five-lever pick-proof brass lock invented by Vuitton in 1896. Today, even at between £4,200 and £13,000 a time they are as sought-after as ever. They don't always find their way on to aeroplanes or trains but sit happily at home, chic *repositories of books and* drinks – and dreams.

Lucia van der Post



WATCHES come in all shades of geometry – round, oval, square, oblong, even the Daliesque squashed ellipse of the Cartier "crash" watch. Yet at the 250-year-old company of Blancpain, watches have always been round.

The shape is the most obvious statement of Blancpain's claim to be perhaps the most traditional of all the great Swiss watch makers. Its timepieces are also always mechanical. "Quartz" is a word *never heard at their* workshop in the Jura mountains.

All this makes a Blancpain essential for the self-assured businessman who abhors designer labels but whose discreet brand of anonymity marks him out as surely as a screaming logo.

But even the greatest traditionalist must reconcile himself to modern technology in the interest of accuracy. Even Blancpain's longest-serving craftsmen acquaint themselves with the latest methods and materials. A small factory makes, from the most high-tech materials, components for what passes at Blancpain as a mass-produced model – although even this is hand-assembled.

This watch, costing more than £2,000, makes up most of the tiny annual output of 7,000 watches a year, but it is the company's recent mould-breaking horological masterpieces that have established its reputation and attracted clients such as former King Constantine of Greece.

Blancpain's latest venture may seem out of character but it allies craft and tradition to *a clever marketing ploy. The* company has revived the lost art of the erotic watch. An erotic design is engraved or enamelled, with the mechanics for the – er – moving parts housed in the slim case with the watch movement.

All this activity takes place on the watch's reverse. The face it presents to the world is Blancpain's usual discreet roundel.

Avril Groom

Drawings: Ashley Lloyd

Range Rover became a cult car by pure chance. In the 1990s it is the smart car beautiful people everywhere like to be seen in. But it started life as something quite *different. Land Rover had been* building rough, tough four wheel drives since the late 1940s. British farmers were big customers. Land Rover reckoned that there might be a market for a car a farmer could use on the land all day and then take his wife out in that night. So in 1970, Range Rover appeared as the ultimate dual-purpose car.

Only a group of men could have thought that one up. Picture the scene. Farmer proposes an evening out with dinner and theatre. Wife puts *on her new frock and high* heels. Farmer brings mud-plastered Range Rover, reeking of cow manure, to front door. Wife takes one look and declares: "If you think I'm getting into that disgustingly filthy thing in these clothes, you must be mad. Get the Jaguar – now!"

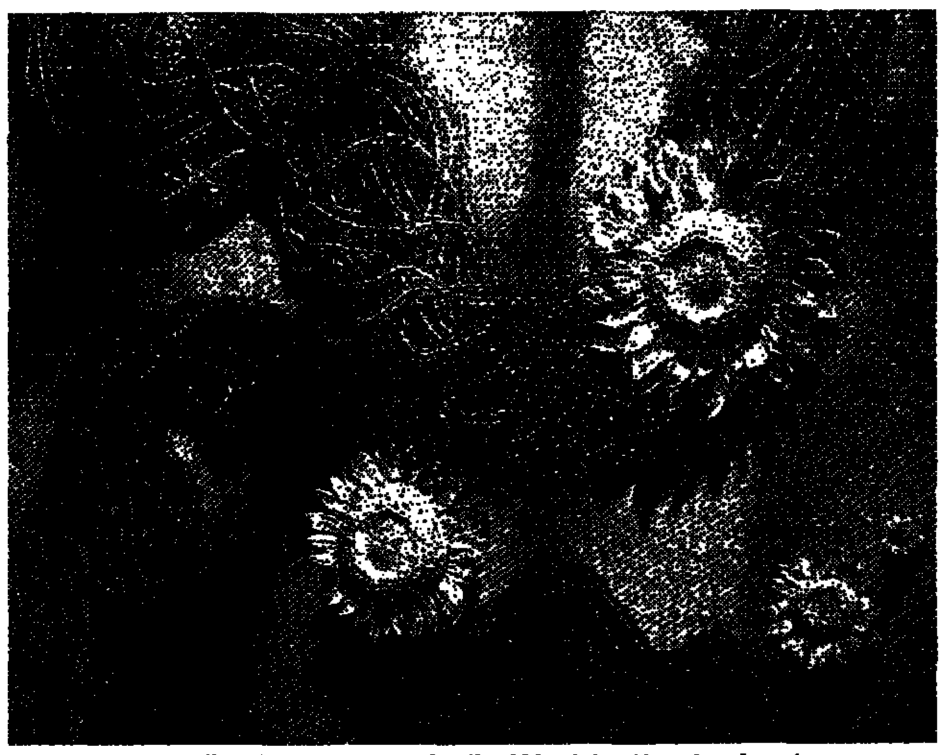
Like the US cavalry, the horsey set rode to the rescue. Accustomed to hauling hunters behind primitive Land Rovers, they eyed the Range Rover approvingly. With a big V8 engine and full-time *four-wheel drive it was perfect* for towing a two-horse trailer on the road to meets or across fields at point-to-points.

Then a new kind of customer appeared. They did not own chunks of Wiltshire, but hoped to give the impression that they did. Reluctantly at first Land Rover offered them Range Rovers with power *steering, four doors instead* of only two, automatic transmission and diesel engines. Out went plastic seats and rubber mats; in came Connolly hide and Wilton carpet. Land Rover concedes that at least nine Range Rover owners in 10 never dirty the tyres by driving off tarmac, and that the severest obstacle *most climb is a high curb* outside a Chelsea restaurant.

Stuart Marshall

Follow your heart when you buy diamonds

*Buy jewels because you want to wear them, not as an investment, and do not be afraid to ask questions, advises **Vivienne Becker***



Honey-coloured citrine (£6,400) and lime green peridot (£8,855) beaded necklaces from Asprey's

A FINE jewel, precious, personal and romantic is likely to be one of the most emotional purchases of your life. Any advice that is purely hard-headed and practical would be a mistake: it may seem simplistic, but buying what you like most, not what you think you should like or what may be a good investment, is most likely to guarantee a "good buy".

Part of the problem with buying precious jewellery, as opposed to say couture dresses or cars, is the dreaded investment element.

To avoid disappointment, give up any thoughts of reselling on at a profit, at least for 100 years or so. On the whole, modern jewellery simply does not hold or increase its value, unless perhaps it is a particularly rare or unique precious stone. Buy for beauty, for indulgence, and buy the best quality you can afford.

A little knowledge may be a dangerous thing, but many jewellers like customers to ask questions. They like giving information so that prospective buyers will know quality when they see it.

David Morris of Conduit Street likes to explain everything to his clients. Today's buyers, he finds, are more aware and selective. Tiffany, famous but informal, prides itself on its commitment to the customer, and hands out booklets on *How to Buy a Diamond* and *How to Buy a Pearl*.

The chief decision for the buyer lies between whether to go to a retailer or an individual designer jeweller.

The safest route is to put yourself in the hands of professionals by going to a reputable, long-established retailer of fine jewels, who would not risk a hard-earned reputation by selling dubious goods and who will provide a good after-sales service.

Daniel Reveyron of Boucheron in London has worked at the *top* end of the trade for 15 years and says that he cannot remember any genuine complaints about authenticity in the London trade. Long established companies survive for good reasons; a good name is not a licence to print money, it has to be earnt.

A reputable retailer can be either your local jeweller, with an individual, up-to-date approach, selling the work of several different makers; an international independent such as David Morris; a single *designer shop such as* Lalaounis or Elizabeth Gage or one of the international jewel houses such as Cartier, Boucheron, Bulgari.

At the sky-high end of the market, the new House of Graff in Bond Street is unique: the home of the world's rarest and most beautiful gemstones, woven into *story* book jewels *for* an elite clientele.

It is as well to look carefully at as much jewellery as you can, (Harrods Fine Jewellery Room has many jewellers under one roof), find a salesperson you trust, try things on and ask as many questions as you like before making your choice.

Consider carefully exactly which jewels suit your tastes, your budget, your clothes and lifestyle. Do you *prefer all gold, matt or shiny*, or gemstones, cabochons, deep and rich, or light, bright and sparkling? Reveyron finds that men buying jewellery for women often seldom think deeply enough about matching the jewellery to the woman they have in mind. *If* they have the cash it is almost ridiculously easy to buy.

Alongside the formal gem-laden high jewellery, all jewel houses offer more *fashionable*, wearable ranges and often an even more casual, less expensive boutique range. Bulgari, aiming at a younger market, has recently launched a superbly scaled down versatile and affordable collection which starts at around £500.

Tiffany, the least intimidating jeweller in Bond Street, is an excellent place to look and learn, with the widest possible choice of fine jewels by differ*ent designers from* Peretti to Schlumberger, from under £100 to hundreds of thousands of pounds.

The other alternative is to search out an individual designer-jeweller whose work you admire. Tracking them *down is usually done by word* of mouth, although the World Gold Council advises and direct customers with a specific brief.

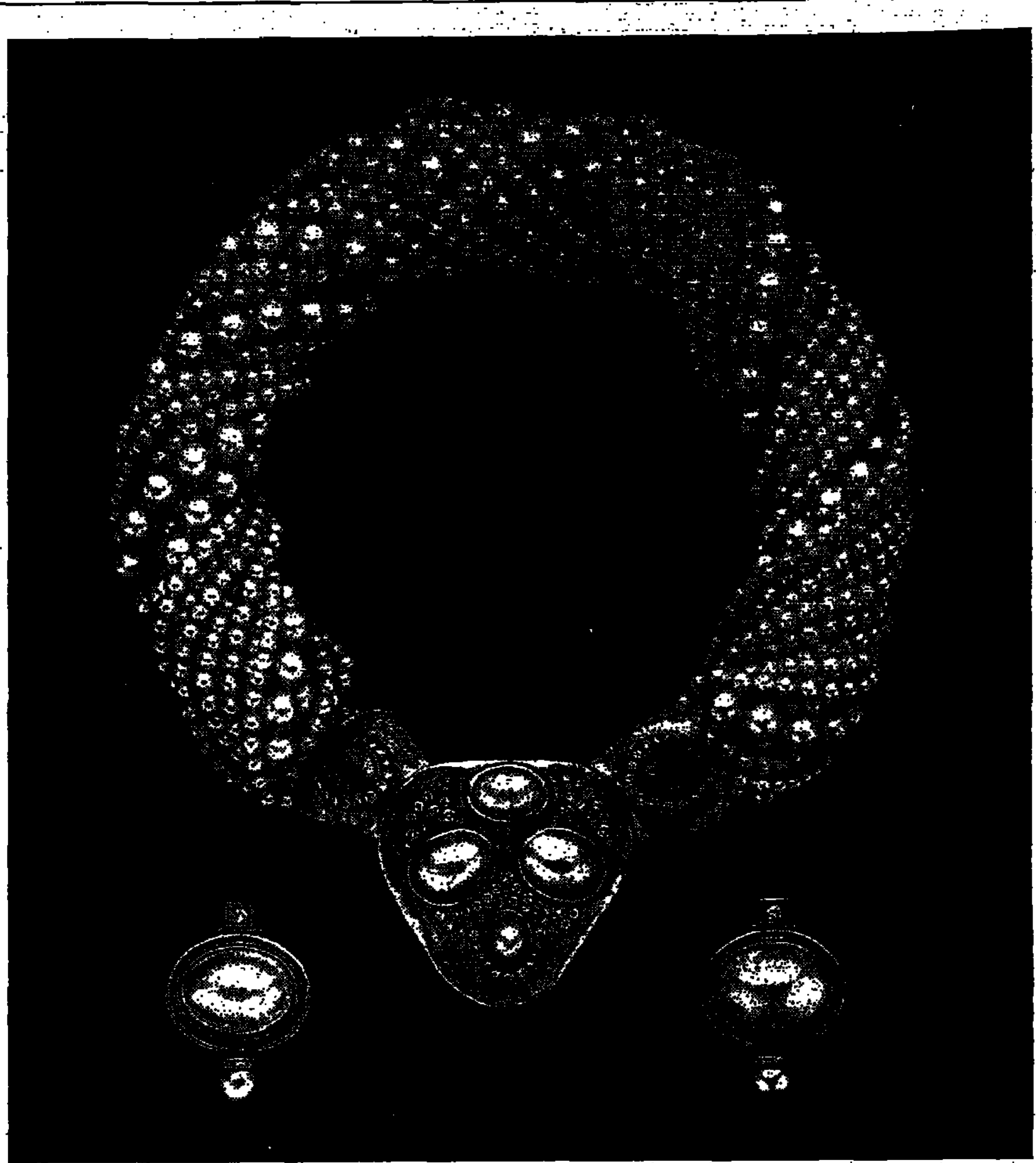
Most designers will happily weave their own style and skills around your ideas and themes, but be sure to see and understand a good working drawing before giving the final go ahead for the work. Since individuality and versatility are *the keynotes of the fine* jewellery market today, more retailers, such as Asprey and Boodle and Dunthorne, are offering the work of named designers such Leo de Vroomen, who creates classics in rich colours and enamels.

It is not a good idea to try to buy your gemstones separately. Most gemstone dealers deal exclusively with the trade. Do not trust any "bargains" offered on exotic holidays.

The exception to this basic rule may be buying gems at auction which is becoming more and more popular. It is of course a case of buyer beware, but there are experts and gemmologists at hand to advise and direct and any expensive *gem will have been tested and* certificated by a gem laboratory. The stone could then be taken to a favourite jeweller to be incorporated into a design of your choice. This is also a good idea for any gemstone that you already own, perhaps set in a family jewel or in a tired, outdated piece. Most retailers provide a design service and prices for special commissions are not necessarily higher, although of course a one-off hand-made jewel will always cost more than a semi mass-produced line.

Jewel fashions tend to move slowly. There is a definite trend away from blatantly cash-flashing jewels to quieter, more personal ornaments with *an emphasis on good design* and the art of the jeweller. Opulent fantasy is making a come-back: look at the vivacious Verdura works of art or the exciting René Boivin collection at Garrard. Colour and more colour is the essence of design today: at the top end of the market coloured diamonds, especially the ravishing pink Argyle diamonds from Australia, have become a popular trend. Lower down the price scale all sorts of semi-precious stones, once looked down upon, are opening up wonderful design possibilities: there is a huge vogue for tanzanites, iolites, rubellites, citrine, tourmalines, amethysts and even amber.

The fine jewellery market has responded to the recession and the growing popularity of costume jewellery with renewed creativity. It is slowly de-mystifying, conscious of providing value and service for a new, canny clientele and yet preserving all the artistry, romance and magic of the noble art of the jeweller.



Gold, diamonds and pearl torsade, £21,150; gold Veiois ear-rings with pearls and diamonds, £3,880 from Elizabeth Gage, 20 Albemarle Street, London

CAPITAL SPENDING

The case for stylish travel

Paul Keers looks at luxurious accessories for gentlemen going on a journey

THERE was a time when the requirement for membership of the Traveller's Club was to have journeyed for 500 miles measured in a straight line from the club. Nowadays, most day-trippers would therefore qualify. But if we are all now gentleman travellers, few of us maintain the kind of style and luxury in which those gentlemen used to undertake their journeys. And if we are looking for the ultimate travel kit, then it has to hark back to those days of grand travel.

We have to ignore the modern middle manager's concern with the lightweight and the miniature (which inevitably become the flimsy and the meagre), and look instead for both *substance and style*. Remember that the Duke of Windsor went away for three months at a time, with up to 118 square leather trunks; all were numbered and inventoried, and all came, of course, from Louis Vuitton.

Vuitton has long been regarded as the premier *malletier*; its upright steamer trunks are virtually fitted bedrooms with handles. But more practical for any man who travels under his own steam is their lighter but still luxurious new Taiga range, in a masculine, grained, dark green leather with brass fittings. This range brings a masculinity missing from many of Vuitton's lines; it includes a shrewdly-designed soft leather travel bag, called Helanga (£800), which contains a pop-out suit carrier, a laptop computer case (Oural, £995) and a pochette for a mobile phone (Baikal, £275). These confirm the essential principle of luxury luggage: that cases should cost more than the items they contain.

Louis Vuitton may be the name which most evokes luxury luggage, but the particular item which recalls grand travel is not Vuitton's; it is the classic plain tan leather suitcase. Swaine Adeney Brigg (185-186 Piccadilly), still sells rigid leather suitcases, in three shades of sumptuous bridle hide. Built on a wood frame, with capped corners, and with retaining straps inside. They range from £825 to £890.

Harrod's sells similar tan leather suitcases by Tanner Krolle (£850-£1250) but the leather has a glossier finish. new money to Swaine Adeney's old.


New line: Dunhill Train case, £860, part of the Cambridge leather range


The Oural pilot case from Louis Vuitton

Dunhill, another classic touring outfitter, has its Cambridge range of structured leather luggage, in rich shades of racing green as well as English tan; suitcases start at £860, with an impressive trunk at £2,050. And for sheer indulgence, the luxury traveller will demand Dunhill's Cambridge train case for £860.

Along with your dedicated shirt case, you will require a special case for your ties, to keep your neckwear safely strapped and pressed. Leather tie cases are available from Swaine Adeney Brigg (£125). But the best design is that of the porta cravatte by Rodeo Star (£42, from Revelation, 170 Piccadilly) - less luxurious perhaps, but it incorporates a neat hanging device so that the creases can fall out of your ties when you arrive.

And do not forget to exhibit a British attitude towards the weather, no matter your destination, by packing the most impressive travelling umbrella of them all. The Brigg M&F umbrella (from Swaine, Adeney Brigg) unscrews into three parts – handle, body and ferrule – to fit into an attaché case; unlike common travelling umbrellas it does not actually *collapse, either intentionally* or otherwise. With the silk cover, it is a cloud-busting £255.25; with the more plebeian nylon, £135.

Once your luggage is safely stowed, you will need something to carry around your money and tickets. The truly aristocratic use a butler; for those just a notch down the social ladder, there is the travel *document* wallet from Gidden (Clifford Street, W1 and Burlington Arcade), saddlers to the Queen and makers of a range of classic leather goods. This paperback-sized folder in bridle hide (£186) has separate divisions for air tickets, documents, foreign currency, cash and travellers cheques, and also incorporates a removable leather passport holder. Gidden's leather writing case, in a folding, envelope design (£125), is also a necessity to write those letters home in style.

Perhaps the greatest luxury *of travel is time; the Grand* Tours of the 18th century often lasted five years. Few of us now have such time on our hands, but we can still sport time on our wrists. The most sophisticated travel wristwatch is the Jaeger-LeCoultre Geographique, a hand-assembled, mechanical wristwatch which takes its owner around the globe. At a twist of the crown, the displayed time will leap to that in any of 24 cities, representing time zones from Los Angeles through Auckland. Only a limited number of Geographiques are made each year, with prices ranging from £8,500 to £13,000.

Something similar is offered by the Ebel Voyager, which has a rotating bezel which indicates the time in major cities, but in a less sophisticated manner; prices are from a more modest £1,880.

For those who will be flying their aircraft personally, the Breitling Chronospace, along with slide rule aviation calculations, offers two time displays simultaneously, one analogue and one digital, for time home and away; prices *are from £820.*

All these watches are available from The Watch Gallery (Jermyn Street and Fulham Road).

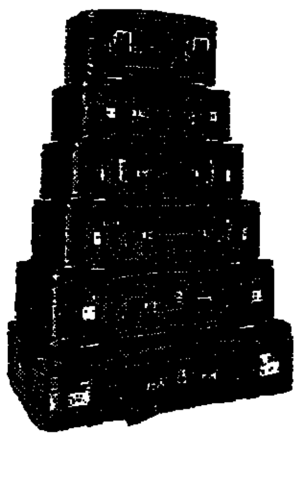
You will, of course, be woken by room service, so instead of the conventional folding travel alarm clock, the contemporary traveller packs the Braun world travel calculator. It combines the classic matt black Braun calculator with a world time clock and alarm; £42 from Oggetti (Fulham Road). And alongside it at the bedside, another contemporary item; the ultimate world radio, the Sony ICF-SW77 (£399), with memory for 162 frequencies, station-name tuning, a timer, and the ability with its short-wave reception to pick up the BBC World Service virtually anywhere on the planet.

Once you have succeeded in travelling with style, a gentleman needs to travel in style as well. Grooming kits seem to contain devices ranging from the indispensable to the incomprehensible. At Liberty (Regent Street), there are the waxy nappa leather sets by W A Goold; a padded case con*taining full-size* razor, collapsible toothbrush, nail clippers, mirror and comb is £34. Goold also make a traditional hair brush which contains a manicure set zipped into its body (£39.95).

At The Conran Shop (Michelin House, Fulham Road) a leather case (£74) contains a clothes brush and sewing kit along with all the grooming essentials. But perhaps the most impressive contemporary set comes from Oggetti, a nine-piece toilet set in black leather pouch, where even the razor is matt black (£113.35).

For those who insist on an electric shave, the neat little Payer battery-operated razor, designed by F A Porsche, is by far the most impressive (Harrod's, £37.80). But luxury travel is all about tradition, and that *is embodied in Penhaligon's* beautiful razor and shaving brush, housed in engine-turned nickel tubes (£45 each, from Harrod's and branches of Penhaligons).

For sustenance, the traditional traveller turns, naturally, to Fortnum & Mason (Piccadilly, W1), who offer a buckled leather roll containing a pewter flask and four pewter cups (£107). His destinations are kept in his beautiful Three City address book (£17.95) from Smythson's (New Bond Street), cleverly divided into three separate alphabetical sections for London, New York and Tokyo (or Paris). And his money is similarly divided, held in money clips by Murray Ward in £, $ and Y designs (gold on silver, £45 each) from Simpson (Piccadilly).


Tanner Kroll's expanding suitcases

Surrounded by the beauty of this ultimate travel kit, a gentleman can indeed relive the days of grand travel; and perhaps he will recognise another truth in Emerson's statement – "Though we travel the world over to find the beautiful, we must carry it with us or we find it not."

Smell the tenderness, laughter, candour . . .

*Perfumes are very big business. **Lucia van der Post** meets a man trying to identify the scent of money*

JEAN Courtière, President Directeur-General of Parfums Givenchy S.A. is sitting at his desk in Le Vallois in Paris sniffing. "This one is a leetle . . . shall we say . . . heavy. This one, it is not *audace* enough and this one . . . it, perhaps, needs to be a leetle softer."

Three times a week, between nine and 10 o'clock in the morning, this is what he does – he sniffs, sifting the fragrances. From the essential oil houses, from the big international creators of successful smells, from smaller independent "noses" they come with their little phials which they offer for approval.

Courtière has already defined the concept, he knows the name (Insensé), has commissioned the bottle and he is relatively sure that when he smells it he will know the fragrance that fits the bill.

It is a race with only one winner. "It is heartbreaking, *but that,*" says *Courtière*, *"is* the name of the game – the winner takes all. We give them all the same marketing brief, the same concept and ask them to bring it to life."

After 12 months there are just four *parfumiers* left in the race. Just one of them will win the prize – the contract to supply the essential ingredients for as long as the fragrance goes on selling. For everybody else there is nothing but to hope for better luck next time.

For Parfums Givenchy there is a lot at stake. If Courtière manages to usher in a worldwide classic, the pot of gold can run to many, many millions. (Chanel No 5 and Guerlain's Shalimar, two of the all-time best-sellers, are each rumoured to have a turnover of £50m a year). If it fails . . . and even the most golden of names have their disasters . . . then a great deal of time, money and effort will have been wasted, not to mention the loss of face.

In the US, where, it is said, a perfume is launched every six days, only one out of six will still be doing business after three years. Everybody in the industry shudders at the mem*ory of Lacroix's C'est La Vie* which is rumoured to have lost LVMH some $40m.

It takes roughly two years to bring a fragrance to the marketplace – "if everything falls into place, " says Courtière. "It begins with a concept. In the case of Insensé it was easy. We had launched Amarige ["sunlight made woman, a hymn to *joie de vivre*"], in 1991 and what we needed next was a man's fragrance to match it. 'What,' I asked my female colleagues, 'appeals to you in a man?' 'Laughter, candour, tenderness, romanticism, a bit of dash and unexpectedness,' they said. So all that went into the brief."

After much adding and subtracting of elusive ingredients, the 95th version of one of the original recipes is deemed to be *the* one and Insensé (*"names are difficult but this* one I had had in my head for a long time") is born – "Wild and Impulsive, The man who will capture the heart of Amarige." The packaging is planned and the price fixed – though an up-market men's fragrance it cannot be too highly priced for men's fragrances are usually bought by women who, it seems, are meaner (or poorer?) and will not pay as much as men will pay for the fragrances they buy their women.

One fine day Insensé is ready to be launched. A plane-load of journalists is flown to the Dordogne in the LVMH jet. In the garden of a perfect little *manoire* awash with blue and yellow flowers (the Insensé colours – no detail is too small) Insensé is born. Champagne corks pop, *music* plays, Hubert de Givenchy flies in, cameras click, mounds of *foie gras* are consumed.

If you ask what all this costs, you get a pretty shifty answer. $50m for a major US-style launch is the industry *guess but Courtière says many* are launched with much less. "Kenzo Parfum, for instance, is a very small company and it has done very well because it clearly relates to Kenzo's own story. Boucheron, too, is small and did not have millions to spend and yet it, too, has been a success according to the goals they set themselves. Jean-Paul Gaultier's fragrance is another great success that did not cost millions to launch – it is exceptional, so consistent with his image, so honest that it has attracted a whole new category of customers."

The good old days when Chanel could summon up her exclusive "nose", Ernest Beaux, and ask him to make something that simply smelled ravishing seem to have gone. These days it is all about life*styles and niches and keeping* up with the trends.

We have, so say the fragrance supremos, done with

■ Continued on Page 10

CAPITAL SPENDING

Doing what they must: 'Romains de la Décadence', 1847, by Thomas Couture

Musée d'Orsay

Necessary luxuries

*Puritans may try to purge useless objects – but they never succeed for long, we all need them, argues **Nigel Spivey***

ANY archaeologist will confirm that there is nothing unnecessary about luxury goods. Far from it. In the silent graves of innumerable past societies, the relics most eloquent about individual status and power are precisely those whose beauty has got the better of their functionality. The golden filigree fibula; the chased silver drinking cup; the outrageously plumed helmet; the inlaid horse bits, and the delicate brazen chariot. Accoutrements like these were never intended for hard, everyday use. They were wheeled out for ceremonies to dazzle and intimidate. They were not so much the instruments of rule as the signals of authority.

There is a timeless quality to the accumulation of luxuries which has resisted campaigns to be censorious about excess and cleave to the simple life. Anti-sumptuary strictures have never held for long. In Cromwell's time, Puritans purged luxuries as diverse as poodles, tapestries and petticoats. To the committed Puritan, there is hardly anything that cannot be deemed impure. Envy, and the sheer pleasure of unpunished vandalism, probably account for most of those moments in history when someone briefly cajoles his fellows into making bonfires of their vanities. But the poodles and petticoats return. It is inhuman to do without them; we are lost in an unnatural limbo of egalitarianism.

The nexus of luxury and power does not, of course, release luxury from moral evaluation. Stern antique Romans regarded luxury and avarice as twins; and sometimes they went further in their disapproval by pairing luxury with insanity. Nero's wife, who had her favourite horse shod with golden shoes, was thereby as mad as Nero himself. The love of luxury was traced to a contempt for nature: not, I think, a necessary connection, although it is certainly true that the collectors of ivory knick-knacks do not care whether the elephant population declines or dies. The truth is that each individual will regard some luxury or other as offensive. In my case, it is personalised car number plates; in my father's, a bottle of champagne. But this does not mean that we want to legislate against those who cherish these things. So long as we are left with our own indulgences (Egyptian cotton sheets; a little cigar at Christmas), we will tolerate the foolishness of others.

There is, however, a terrible irony about the consumption of luxuries in the late twentieth century. By definition a luxurious lifestyle ought to be easy and hedonistic. Yet the reality is that modern luxury goods are aimed at those who lead anything but a relaxed and otiose life. So many of the luxuries themselves are concerned with strict timekeeping and frenetic travel. No wonder that the best place to survey the exposure of luxury goods is an international airport (at Heathrow par excellence).

Partly the airport luxuries are designed to glamorise what is essentially a tedious and still unnerving form of transport. The departures lounge is a sort of prison for the condemned, but it does not seem that way if there is a bar dispensing oysters and caviar. Partly the airport luxuries are pandering to Oriental gift cultures, in which a bottle of brandy costing £500 duty free can be billed as a bargain. But primarily the cocoon of luxuries protects the social status of the travellers.

Picture the businessman dispatched abroad. What the trip really entails is a flog across continents to a lonely room in an anonymous hotel for a series of stuffy encounters with alien people. But no captain of industry can admit to that. So you see him in the airport shopping malls, both determined and obliged not to return home empty-handed. He glances at his Rolex Oyster, finds he has time to buy his wife a bottle of Chanel; signs for it with his Mont Blanc pen, and slots it into his Bond Street hand baggage. The names of the goods manage to be both discreet and significant: and they are what counts, for they say that the business trip was not hellish at all, but what everyone else would love to be doing.

Hence that curious new phrase, *essential luxuries*. It ought to be a paradox, if luxuries are understood to be such items as are desirable but not indispensable. But it is more than the remorseless logic of conspicuous consumption. It is precisely what our Bronze Age ancestors understood. Luxuries massage our egos and buttress our place in the world. We could hardly do without them.

The Paris shop of Guerlain, maker of Shalimar, one of the classic scents

Scent of money

■ Continued from page 9

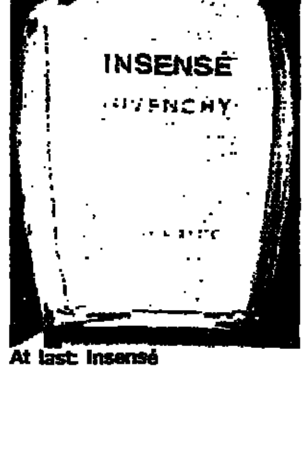
power and aggression – out with assertive scents such as Giorgio, Obsession, Poison.

Sweet, sensitive 1990s woman (have you met her yet?) first had a little run with floral essences and softer smells such as Calvin Klein's Eternity, Ralph Lauren's Safari and Cassini.

She has now gone "green" as well as a bit fey. She likes a bit of counter-culture (Jean-Paul Gaultier with his funky woman-shaped bottle) and a breath of Eastern mysticism (L'Eau D'Issey). She also, it seems, is not at all averse to smelling of melon (Dior's Dune) and water melon (New West For Her), of ginger (Jean-Paul Gaultier), of lychee and nectarine (Yves St. Laurent's Champagne) and of Orange Blossom mixed with Vanilla (Van Cleef). These New Age perfumes depend upon something called Ozonics. If that conjures up images of ocean and fresh air, then you are on the right track. Fresh, natural, that is what the latest perfumes are all about.

Then we come to the matter of price. There are those who seek to prevent the customer paying over the odds for ingredients that add up to a fraction of the retail price. But today's customer is not fooled. She knows she is paying for image and packaging, for launches and concepts but she knows, too, that perfume was never about logic. Who wants a wonderful smell out of a utilitarian bottle sold in a warehouse? (What happened when Marcel Bich tried to sell a lovely smell in a plain glass phial for £1.85 a time? Nothing happened. Nobody bought it.)

When a customer complained to Christian Dior about the exorbitant price of a hat given the cost of the materials, he dismantled it, gave her the wisp of tulle and the rose saying, "the materials, Madame, are free." It is the invisible, the magic that most of us are happy to pay for.



At last: Insensé

Forget the peeled prawns, you want macaroni cheese

*Luxury does not lie in brand names, nor in goods that used to be scarce. It is a much more subtle commodity, writes **Peter York***

DOES Mrs Thing really look the business in her mid-tone full length ranch mink, thrown over an appliqued cashmere twin-set, setting off in her walnut-lined Daimler to eat prawn cocktail in pink sauce at the Tudor Grange restaurant in Something-on-Thames: The poor old biddy, they will say, has clearly lost the plot.

Luxury is re-defined in every decade. A raft of traditional luxuries – mink, cashmere, trad' British "quality" cars and prawns – have been re-classified by fashion, political correctness and increased availability. Mink has suffered all three. Supermarkets sell peeled prawns by the bucketload.

The old imagery of luxury was based on the notion of the cornucopia – a hectic abundance of whatever is in short supply. The cornucopia pours forth out-of-season fruit. Luxury was easily defined when the shopping list was short (no Apple Mackintosh, no liposuction) when there was consensus about what was best and when most of the world lived at subsistence level.

But postwar technology and marketing have upset the traditional Veblen notions of conspicuous consumption – wotalotigot – by providing an abundance of former rarities (farmed salmon and venison for everyone), and by providing an extraordinary flow of novelties to subvert the traditional status of luxuries (mobile telephones, dental bonding).

Even Paul Johnson, the distinguished sourpuss, noted on turning 65 last week the extraordinary range of former luxuries that had become commonplace over his lifetime. He saw the development as one of the compensations for bad manners, worse thinking and social disintegration.

J K Galbraith pointed out as early as 1958 in *The Affluent Society* that "no useful distinction can be made between luxuries and necessities" (but he was talking about America's Golden Age).

Meanwhile marketing has imposed a new definition of luxury – a curious, 1980s notion of luxury as symbolism and reference rather than reality – the world of "added-value", today's version of "de-luxe". Recognised luxury now comes primarily in the marketeer's coinage, the "luxury brand". A luxury brand is one believed to confer magic status on its owners. Luxury brands, whatever their origins, are vigorously promoted names in the marketplace now. Their values are totemic ones; the name is everything.

In the 1980s wonderful new money and new aspirations emerged in new places. The flaunt-it imperative stretched from Essex to Seoul via Dallas and Tokyo.

This coincided with changes in the ownership and control of the majority of specialist luxury manufacturers and design houses in Europe. From the late 1970s on practically every leading couture house and accessory maker was acquired and run by a marketeer who treated the company as a *"brand management"* business, owners of a set of *rights* which could be licensed, franchised and generally deployed to add value. They talked about "the equity in the brand" – they usually outsourced the *product*.

The new owners did everything in the marketeers handbook: they looked for diversification opportunities (new products to sell under the old valuable name); they looked for new markets, opening the Seoul shop in 1988, just after Atlanta and, above all, they looked for new kinds of people to "extend the franchise".

These new people were, typically, aspirants, socially mobile Wannabes who had significant disposable income rather than serious money but wanted to relate to the Great World they saw in the raft of "style" and social magazines that publishing groups produced throughout the decade.

These strategies worked well until at least 1989. The accounts of the big luxury brand-owners show super-normal profits through the late 1980s, a quite embarrassing share of which derived from the Far East. It worked because the approach recognised the identities the new people wanted to assume, often "traditional" European ones. And it worked because it was not that hard – the new funny money seemed to mop up anything it was sent – every office girl in Tokyo with money to burn seemed to have something from Louis Vuitton.

At fever pitch, in the late 1980s, it was truly surreal to see the imagery of the 19th century Faubourg St Honoré and St James's replicated in theme park concessions round the world. And of course it was complete alphabet soup with letters everywhere – double Gs for Gucci, the Chanel-C, YSL – metallic initials twinkling from all over the New People.

Luxury was easily defined when the shopping list was short; no Apple Mac, no liposuction

Real businesses at scale were built on the luxury branding device – LVMH, the pre-eminent luxury house, is big on the Paris bourse. Factories were filled with tiny religious offerings stamped with the magic symbols. But the scale of the enterprise depended to a great degree on an 1980s cast of mind, an "everything possible" view, and on what the Japanese call the "bubble economy".

It is gone somehow, that sublime belief in the magic power of brands; not just because of recession but because each generation learns through the great educator, shopping. Shopping familiarises people with the mechanics of luxury brands, makes them cynical about the promotional devices, the atmospheric outlets, the inventive packaging. They feel eventually they have been there, done that. In the 1980s the learning process was accelerated as more and more brands entered the market.

Shopping eventually teaches aspirants that people like themselves buy these brands. The brands' status moves rapidly from desirable to acceptable to unsurprising. New money constantly looks for new ways to express itself.

Real luxury continues to move more quietly on different rubber wheels. Real luxury, for seriously rich people, means having your own way. It means servants – whatever you call them – and it means things hand-built for you. In the houses of the seriously rich, often very short on the style the magazines show, there is always something that has absorbed a great deal of money and craftsman time, contrived to do exactly what its owner wants.

The Queen's life illustrates this principle vividly. In a plain bathroom wholly unlike any high concept room-set the bath is run by helping hands. In the royal clothes, dowdy to the critics, everything has been elaborately thought through to meet HM's distinct personal requirements. *Macaroni cheese* and eggs on toast will be available on a 1950s Formica tray exactly when and how she wants them.

The "thrifty" repair and restoration of a host of shabby loved Royal objects will have cost more skilled man and woman hours than a raft of Taiwan-made luxury accessories. The luxury brand names with royal warrants will still do the real discreet hand-made specials for her, their loss leaders. But they will almost certainly have to leave the initials off.